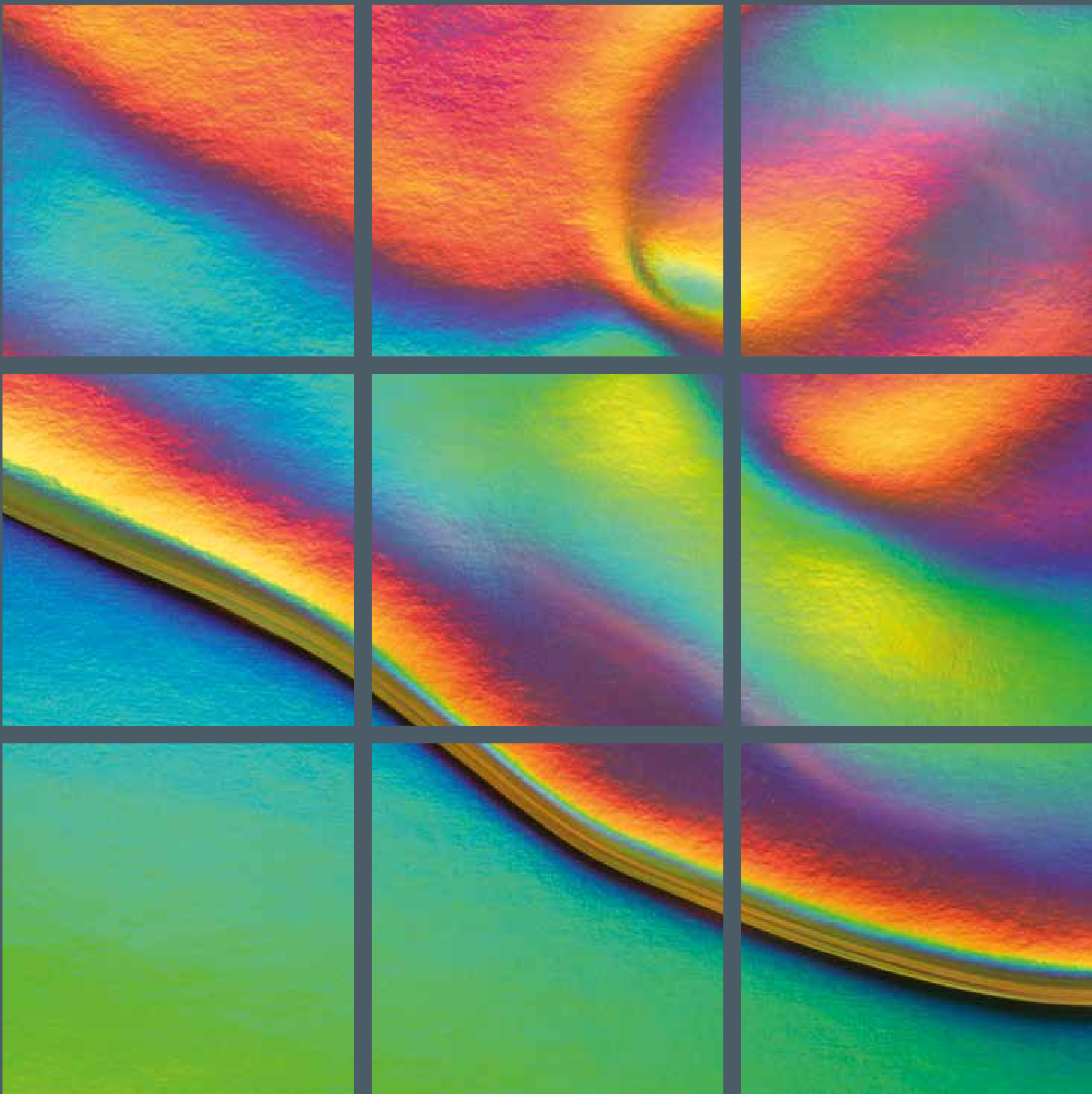
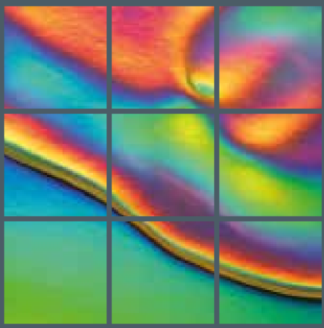
THE MONKS INVESTMENT TRUST PLC

Global growth from
different perspectives



Annual Report and Financial Statements
30 April 2020

BAILLIE GIFFORD



Front cover
Dynamic Flowing Water on multi coloured holographic background.

Global growth from different perspectives

The Monks Investment Trust 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.

Contents

Investor Disclosure Document

The EU Alternative Fund Managers Directive requires certain information to be made available to investors prior to their investment in the Company. The Company's Investor Disclosure Document is available for viewing at **www.monksinvestmenttrust.co.uk**.

Notes

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

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

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or otherwise transferred all of your ordinary shares in The Monks Investment Trust PLC, please forward this document, together with accompanying documents, but not your personalised Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Total Return Performance*

To 30 April 2020

	1 year	3 years	5 years	10 years
Net Asset Value (NAV)*†	3.4	34.1	86.9	154.2
Share Price*	3.7	40.7	113.7	210.8
FTSE World Index#	(1.0)	18.8	56.4	155.0

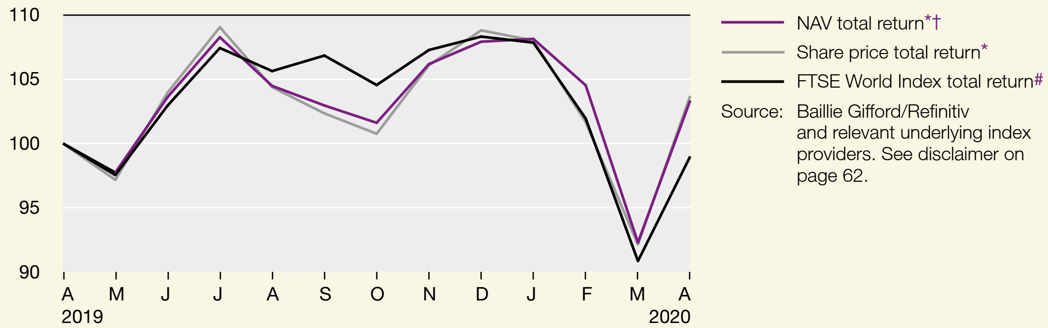
Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 62.

Premium*, Ongoing Charges* and Active Share*

	2020	2019
Premium*†	4.4%	4.0%
Ongoing Charges*	0.48%	0.50%
Active Share*	87%	90%

Total Return Performance*

Year to 30 April 2020



Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 62.

* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.
† With borrowings deducted at fair value.
\# The FTSE World Index (in sterling terms) is the principal index against which performance is measured.

Past performance is not a guide to future performance.

Chairman's Statement

In the year to 30 April 2020 Monks produced a modest positive return, with the net asset value (NAV) and share price both reaching an all-time high in February before the Covid-19 virus impacted financial markets in March. A sharp rally in April then took us back into positive territory for the year. These violent month on month swings can be alarming for shareholders but are of little relevance to long-term returns and had minimal impact on the make up of the portfolio.

The Board is pleased to be able to report that our managers have moved seamlessly to working remotely and that both portfolio management and all regulatory and administrative tasks have continued uninterrupted. The managers continue to stick to their proven investment approach which is based on long-term investment in a broad range of superior growth businesses. Their focus on the future and on a range of secular growth trends has left the portfolio partially insulated from the very severe pressures impacting many traditional industries, such that Monks' returns, particularly in the second half of the financial year, were materially better than the comparative index.

Performance

During the year the NAV total return, with borrowings calculated at fair value, was 3.4% and the share price total return was 3.7%, while the FTSE World Index returned -1.0%. It is now five years since the change in investment approach was implemented in March 2015 and the Board believes that this is an appropriate time to review the results. The NAV total return at fair value has been 82.7% against the comparative index at 55.1%*. Over the same period the share price total return was 115.5%, benefiting from the closing of the discount to NAV at which the shares had previously traded.

Share Issuance

In recent years the managers have dedicated significant efforts to promoting Monks to those financial intermediaries and advisors who help individual investors manage their long-term savings. These efforts have succeeded in generating incremental buyers of Monks shares, which has served to reduce and then eliminate the discount to NAV, and enabled the issuance of new shares at a premium to meet demand. With the shares trading at a consistent premium throughout the year (apart from a brief period of market dislocation in March) the Company was able to issue 4,960,000 new shares at a premium to NAV, being 2.3% of Monks share capital and raising over £46 million of new funds for investment. The premium to NAV with borrowings calculated at fair value stood at 4.4% at 30 April 2020, up from 4.0% at the start of the year.

Borrowings and Gearing

Among the advantages of investment trusts over other forms of collective investment is the ability to invest borrowed funds to enhance shareholder returns over the long term. At the financial year end, the invested gearing was 6.5%, unchanged on a year earlier, which remains below the 10% level which we regard as the long-term neutral position. The Board and managers are currently reviewing the structure and extent of existing short and long-term borrowing.

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 2020 was 0.48%, down from 0.50% in the prior year and 0.58% at April 2015. The current tiered management fee scale (see page 23) should ensure that all shareholders will benefit from economies of scale should Monks continue to grow.

Earnings and Dividend

Monks invests with the aim of maximising capital growth rather than income and all costs are 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. Therefore, the Board is recommending that a single final dividend of 2.5p should be paid, compared to 1.85p last year.

The Board

Claire Boyle joined the Board on 1 May and will be standing for election at the AGM in September. The success of the investment approach over the last five years has put Monks in a very strong position so the AGM is a suitable time for me to retire from the Board. Edward Harley, who has been a Director since 2003, will be retiring in 2021. After a thorough selection process the Board has asked Karl Sternberg to succeed me as Chairman. Karl is a very experienced investor and director and I am sure Monks will go from strength to strength under his leadership.

Outlook

The last decade has seen an anaemic recovery in Western economies accompanied by dormant inflation, historically low interest rates and steadily strengthening stock markets. While this combination has surprised some observers, it is less surprising when one considers the main contributors to the rise in markets. Most of the gains have been driven by new technologies, many of them deflationary, which have allowed new corporate champions to appear and expand globally at an unprecedented rate. The level of change is remarkable, with seven of the ten most valuable quoted companies in the world now being technology companies, up from three a decade ago. The key point from an investment perspective is that a small number of companies have caused the markets' rise, while many traditional industries have struggled to adapt or grow. This has highlighted the growing gap between corporate winners and losers.

The current pandemic is likely to accelerate trends that were already in play, driven by technological change and environmental necessity. Monks is well placed to benefit from these trends, with a significant exposure to the industries and companies of the future. The approach being followed allows the managers to hold

* Total returns from 31 March 2015 to 30 April 2020.

Past performance is not a guide to future performance. Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 62.

For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.

a diversified portfolio of growth stocks, chosen from around the world and including younger and even unlisted companies as well as established market leaders. The Board remains confident that Monks represents an attractive long-term savings vehicle for private investors, who benefit from high quality professional portfolio management together with independent board oversight at a competitive cost.

Annual General Meeting

The Company's AGM has been scheduled to take place on 1 September 2020 at the Institute of Directors, Pall Mall, London SW1Y 5ED but, given the ongoing uncertainty around when public health concerns will abate, the Board will continue to monitor developments and may decide to prohibit shareholders from attending in person. Accordingly, 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 **www.monksinvestmenttrust.co.uk** where any updates will be posted and market announcements will also be made, as appropriate. 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.

James Ferguson
Chairman
16 June 2020

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 on pages 10 and 11.

— 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 on pages 10 and 11.

— 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 on pages 63 and 64.

Managers' Report

Background

In many parts of the world, normal life has come to a juddering halt. In a world plagued by hyperbole, the 2020 version of the plague has been met by stoicism not hysteria and by community action rather than factional in-fighting. The talented, selfless and hard-working health professionals and other front-line workers have rightly garnered praise as they calmly deal with the coronavirus pandemic.

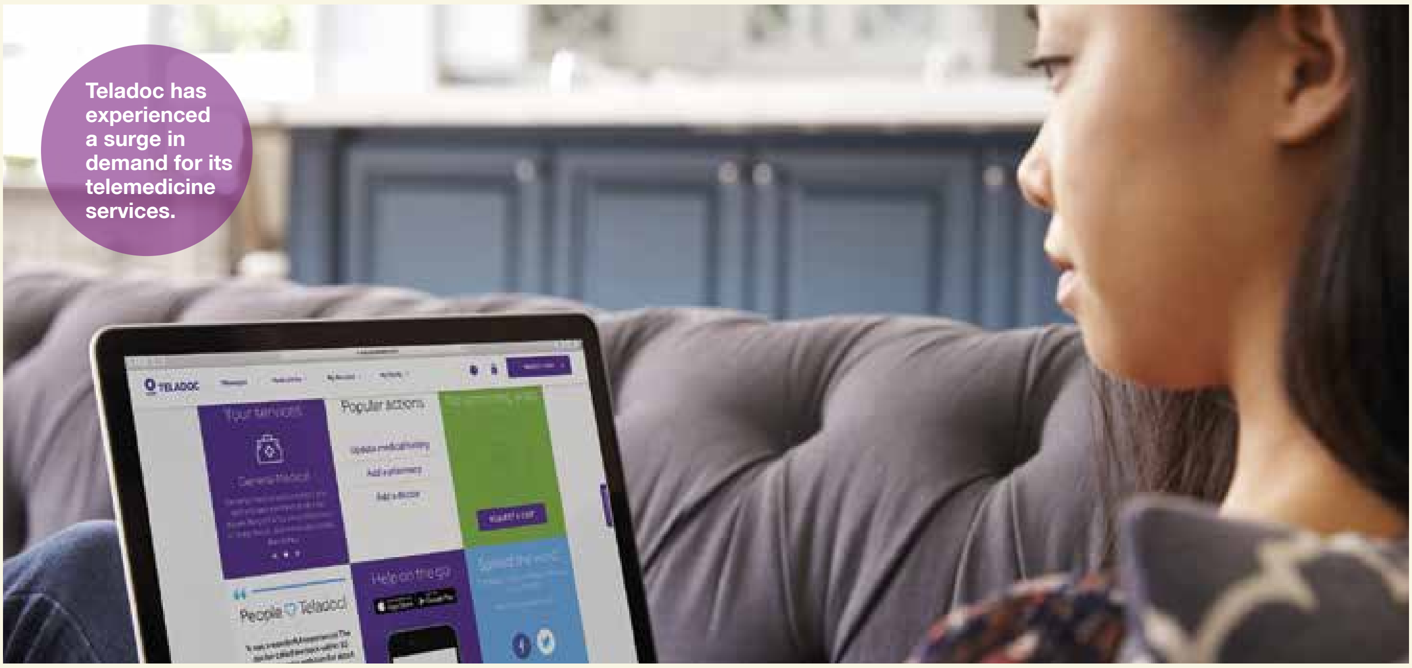
Calmness, experience of prior crises, and a dose of optimism have helped us through these early days. We at Baillie Gifford have been fortunate enough to be supported by a technology department and robust business continuity planning which have allowed us to pivot from business as usual to working from home. This has allowed us to continue our usual pattern of company updates, stock discussions, and talking to the management of portfolio companies and prospective holdings. Indeed, now more than ever, we believe it vital to retain our long-term mindset in pursuit of growth companies that we believe can generate attractive returns for Monks shareholders in years to come.

Performance

It is just over 5 years since the Global Alpha team took over the management of the Monks Investment Trust. This period represents our minimum investment time horizon and the period over which we seek to outperform for investors. Pleasingly, over this period we have delivered a cumulative NAV total return of +82.7%* (share price +115.5%*) compared to the comparative index (FTSE World) which is up +55.1%*. The contributors to performance over that period are an eclectic mix of businesses from online enabled companies like Amazon, Alibaba and Alphabet to credit rating agency Moody's and biotech company Seattle Genetics. This diversity of growth businesses underpins our approach and is central to why we believe we can continue to deliver attractive returns over the next five years and beyond. During the year the Company's net asset value (NAV), with borrowings at fair value, returned 3.4% compared with the FTSE World Index at -1.0%. The impact of the coronavirus pandemic on equity markets was felt most keenly in March (the FTSE World Index fell around 11%) as investors attempted to calibrate the economic impact of widespread lockdowns. Our immediate priority was to examine further the resilience of the portfolio by stress testing the holdings, conservatively assuming a prolonged period of zero revenues, the results of which were reassuring. This was consistent with prior analysis undertaken late last year on the quality and debt profile of the portfolio. We believe Monks is on a firm footing and we continue to focus on investing in quality growth businesses.

Among the best performers were the healthcare and online technology companies. In the healthcare setting, Seattle Genetics (cancer treatment), Olympus (medical endoscopes) and Alnylam (gene silencing) saw their share prices rise, underpinned by strong operational progress. The holding which has most directly benefitted in the current environment is Teladoc, a relatively recent purchase, which is the largest provider of telemedicine consultations in the US. Accelerated growth at this point in the development of the industry may see Teladoc's leadership position entrenched and represent the tipping point in widespread adoption of telemedicine in the US and beyond.

The acceleration of demand for online goods and services has benefitted several technology holdings. Two particularly strong performers were ecommerce businesses, Amazon and Shopify.



© Teladoc Health, Inc.

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As well as its burgeoning ecommerce platform, Amazon is also a logistics and delivery service for both durable goods and groceries, a music and video entertainment platform and a cloud service provider. In short, it is central to the lives and livelihoods of millions of people. If the company can serve people well during this time, then it may emerge from this crisis in a far stronger position than it entered it. The Canadian software company Shopify enables businesses to sell products online and has been growing internationally and expanding its addressable market from small and medium sized enterprises to large corporates. Demand for its services is likely to be at a premium in the coming months. Other likely beneficiaries in the portfolio include the likes of Naspers (food delivery, classified advertising and social media), Netflix (online entertainment), Chegg (online education) and Meituan Dianping (food delivery).

Tesla, the electric vehicle manufacturer has also been a strong performer over the period. Despite a hugely volatile ride in share price terms (Tesla's share price more than doubled in the early part of this year, at which point we reduced our holding) the company has executed well. It posted record deliveries in the last quarter of 2019 (112k vehicles). We see a clear path for further growth following the completion of the Shanghai production facility (Berlin is next) and believe that Elon Musk and his team retain a suitably ambitious vision for the company.

The largest detractor from performance has been Prudential. The market has priced in concerns relating to the creditworthiness of its fixed income investments. Prudential has been held since we took over Monks in 2015. Our enthusiasm for the company's growth to date, and the long-term growth potential of Asian markets, have yet to be borne out in the share price. We continue to view this as a multi-decade opportunity.

Markets have not been kind to companies operating in the energy sector. The unprecedented shift of oil prices into negative territory compounded a broader pandemic-related downturn. Monks has modest exposure to oil and gas (1.9% at the end of April), nevertheless, the portfolio's principal oil and gas holdings – EOG Resources and Apache – alongside businesses related to the energy sector, such as Kirby Corporation (inland barge operator), were among the largest detractors from the portfolio's performance. Prior to the onset of the market downturn, we elected to sell Apache because of its poor operational execution and senior personnel changes. We retain the position in EOG which possesses a higher quality asset portfolio and is more focused on returns.

Perhaps unsurprisingly, other notable detractors included banks and travel related businesses, where we again held a modest but unhelpful exposure. The prospect of a significant economic slowdown negatively impacted the share prices of both Banco Bradesco and Bank of Ireland. Against this backdrop, the ability for these companies to grow their loan books and expand margins is likely to be severely curtailed. Therefore, we took the decision to sell both companies. In travel, Trip.com (Chinese online travel platform) has been significantly impacted, with typical domestic Chinese flight volumes down around 80%. There are some signs of recovery, however, this sector is highly competitive, and we are questioning Trip.com's ability to be a long-term winner in this market.

© Courtesy of Kirby.

Portfolio Changes

New Purchases	Complete Sales
Appian	AP Moller-Maersk
Axon Enterprise	Apache
Brilliance China Automotive	Baidu
Broadridge Financial Solutions	Banco Bradesco
CBRE Group	Bank of Ireland
Denali Therapeutics	Fiat Chrysler Automobiles
Farfetch	First Republic Bank
Hoshizaki Corp	Iida Group Holdings
Illumina	Infineon Technologies
Ping An Healthcare & Technology	MarketAxess
SEA Limited	MultiChoice Group
Sensyne Health	Persol Holdings
SoftBank Group	Royal Caribbean Cruises
Sysmex	Signify
Teladoc	Veeco Instruments
The Trade Desk	Verisk Analytics
Ubisoft Entertainment	

During the year we purchased seventeen new holdings and sold sixteen. These transactions are summarised above. Portfolio turnover remained close to 16%. This equates to a holding period of six years and is consistent with our long-term time horizon. This approach has enabled us to remain calm as share prices have moved quickly and often irrationally in response to the pandemic. The portfolio is relatively well positioned for what is likely to continue to be a challenging environment; it has low levels of indebtedness, is minimally exposed to the energy sector and is only modestly exposed to cyclical or economically sensitive companies.

Indeed, we have continued to reduce the portfolio's cyclical exposure, which has fallen from over 30% in 2015 to around 18% today. These decisions were stock driven and include the sales of Royal Caribbean Cruises (leading US cruise company), Fiat Chrysler Automobiles (car manufacturer) and First Republic Bank (US niche bank). In all three cases, share price performance had outstripped operational progress and we decided to allocate capital to areas where we considered the long-term growth prospects to be better.

One such area is healthcare. In our interim update we noted the portfolio's increasing exposure to what we term 'transformational healthcare', which has now reached close to 10%. Many of these businesses are highly innovative and are pushing the boundaries of medical advancement, whilst others address the perennial problem of cost and access to healthcare. In the former category we purchased, and subsequently added to, positions in Illumina (gene sequencing) and Abiomed (miniature heart pumps) and established a holding in Denali Therapeutics (neurodegenerative disease treatments). In the latter, we purchased shares in Teladoc (noted above) and Ping An Healthcare and Technology which provide telemedicine services in the US and China respectively. In the context of a global pandemic the merits of online medical consultations are clear. Our focus is always on the long term and we believe there is evidence to suggest that these companies have significant utility for both patients and healthcare systems, which may tip the scales in favour of widespread adoption.

Elsewhere, we have purchased shares in Ubisoft and SEA, both of which should benefit from the tectonic changes under way in gaming, particularly the arrival of streaming and the continuation of digitalisation. Ubisoft has established game development software which allows others to create and market gaming titles, affording it royalty payments in a rapidly growing market. SEA has the exclusive rights to distribute Tencent's games across South East Asia and owns fast-growing ecommerce platform, Shopee.

As is consistent with our balanced and diversified approach, we added new holdings to the portfolio which offer the potential for returns which are uncorrelated to the existing portfolio. In January we established a position in Hoshizaki, a leading provider of kitchen and restaurant equipment in Japan and the US, whilst in April we purchased shares in CBRE, the commercial real estate operator. The former is a high-quality business which registers strong returns. We believe future growth is likely to be driven by the formalisation of restaurant dining in many emerging markets. CBRE is an improving business which is underpinned by some significant structural trends, including increased institutional investment in real estate assets and a growing tendency of corporations to outsource real estate management. CBRE's breadth of offering and scale leave it well placed to grow both its existing relationships and establish new ones.

Ubisoft operates software which allows others to design gaming titles.

© NurPhoto/Getty Images.

We continued our discipline of 'testing the upside' of the portfolio, particularly for those holdings where share prices had risen strongly. The results were encouraging. So much so that we subsequently added to Alphabet (parent company of Google), Microsoft (software company) and Naspers (holding company for several high growth internet businesses), where the strength of our conviction in the growth prospects of these companies had increased. Indeed, another holding which fared well in our analysis was Alibaba, to which our recent purchase of SoftBank is related. SoftBank owns around 30% of Alibaba, alongside a range of other exciting technology assets. Despite some high-profile hiccups in recent times, we continue to admire the capital allocation skills of Masayoshi Son, the CEO of SoftBank, who has a strong track record of delivering returns for investors. Therefore, we elected to trim the portfolio's position in Alibaba to facilitate investment in SoftBank's shares. These trade at a significant discount to SoftBank's stake in Alibaba and its broader asset base.

We continued to trim positions in companies whose operational execution has been strong or where valuations were closer to our sense of their future worth. These include Visa (electronic payment), Schindler (elevator manufacturer), Tesla (electric vehicle and energy storage) and Seattle Genetics (biotech).

Management Team

In May, we announced that Charles Plowden will retire at the end of April next year. Charles will continue to manage the Monks Investment Trust until 30 April 2021, after which Spencer Adair will step up to become the lead manager. Malcolm MacColl will continue as deputy manager of Monks.

Outlook

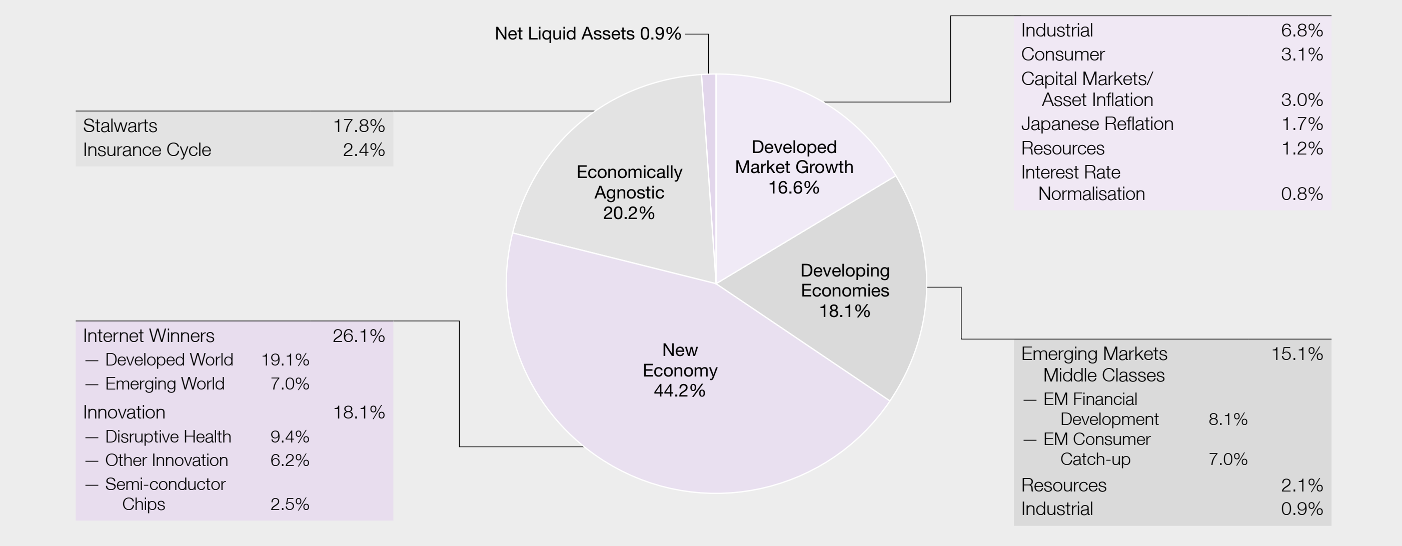
An economic crisis can tilt the playing field in favour of innovation and the most adaptable companies. Whilst early days in the coronavirus pandemic, many of the portfolio's holdings have risen to the challenge. We believe that the current crisis is likely to accelerate many changes which were already underway, perhaps most obviously in the growth of digital solutions to consumption, entertainment, healthcare and business operations. There is also the possibility of significant new developments, for example in the impetus towards addressing global warming, through policy and tax changes. While the economic and political implications of the pandemic will undoubtedly be far reaching, we remain focused on the fundamental task at hand – to invest in companies with durable growth opportunities, deepening competitive advantages and rising real earnings power. We are optimistic about the opportunities which lie ahead and remain confident that our approach will continue to deliver capital growth for Monks shareholders over the long term.

Charles Plowden
Spencer Adair
Malcolm MacColl
Baillie Gifford & Co
16 June 2020

Portfolio Positioning

As at 30 April 2020

Thematic Exposure



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

— 16.6% of the portfolio is classified as Developed Market Growth. This includes exposure to industrial and consumer sectors, among others. Industrial businesses include Martin Marietta, a leading US aggregates supplier, and Kirby, a barge transport operator. In the consumer setting, there is exposure to Chipotle Mexican Grill, a US fast-casual dining chain and Hays, a recruitment business.

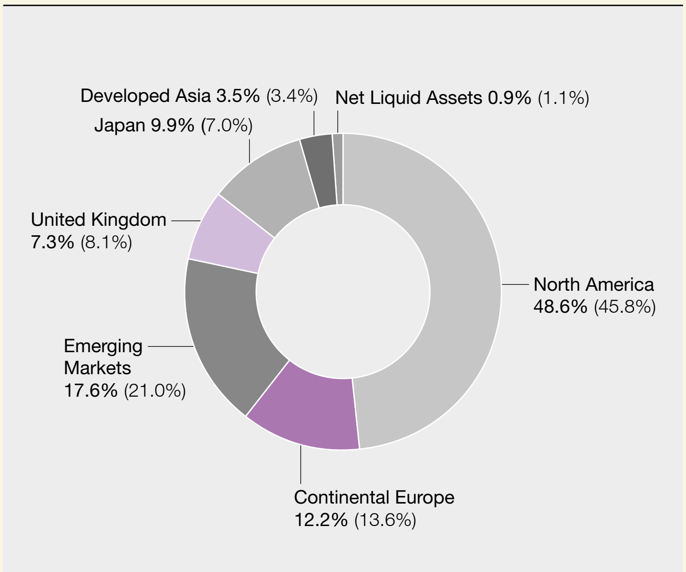
— 18.1% of the portfolio is invested in stocks identified to be the beneficiaries of growth in Developing Economies. There is meaningful exposure to companies likely to profit from increasing consumption levels and financial development in emerging markets. Examples of the former include Chinese companies Alibaba, an online retailer, and Brilliance China Automotive, a joint venture with BMW, whilst examples of the latter include HDFC, an Indian mortgage provider, and Ping An Insurance, one of China's most innovative insurance companies.

— 44.2% of the portfolio is identified as being exposed to the New Economy. This brackets a diverse range of businesses from internet winners in developed and emerging economies to healthcare and semiconductor companies. Internet winners include companies such as Amazon, the US online retailer, and Naspers, the South African internet business. Prominent names in healthcare include Teladoc, the US telemedicine company and Seattle Genetics, a leading biotech business focusing on the treatment of cancer. TSMC makes semiconductor 'chips', whilst Advantest and Teradyne provide testing equipment and services to the industry.

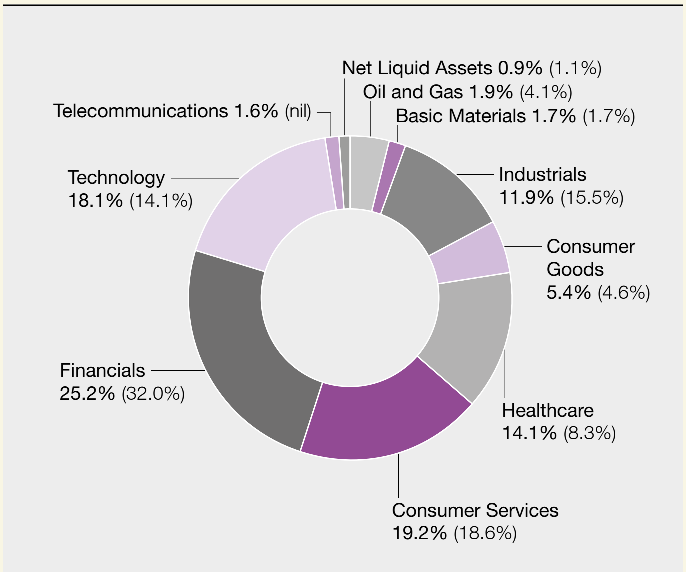
— 20.2% of the portfolio is classified as Economically Agnostic. This includes a diversified range of companies, many of which are growth stalwart businesses, such as Anthem, the US health insurance provider, Service Corporation, the crematoria business and the digital payments business, MasterCard. US insurance specialists Arthur J. Gallagher and Markel make up part of the exposure to the insurance cycle.

— The remaining 0.9% is composed of net liquid assets.

Geographical 2020 (2019)



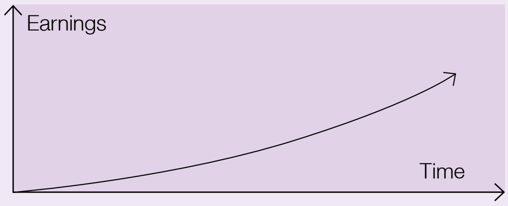
Sectoral 2020 (2019)



Investment Portfolio by Growth Category*

As at 30 April 2020

Growth Stalwarts



c.10% p.a. earnings growth

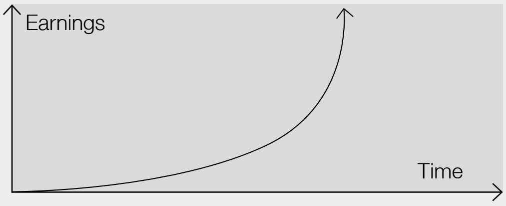
Company characteristics

Durable franchise

Deliver robust profitability in most macroeconomic environments

Competitive advantage includes dominant local scale, customer loyalty and strong brands

Rapid Growth



c.15% to 25% p.a. earnings growth

Company characteristics

Early stage businesses with vast growth opportunity

Innovators attacking existing profit pools or creating new markets

Highest conviction holdings c.2.0% each

Growth Stalwarts	%	Rapid Growth	%
Moody's	2.4	Amazon.com	4.2
Microsoft	2.2	Naspers	3.0
Anthem	2.2	Alphabet	2.8
MasterCard	2.1	Alibaba	2.6
Prudential	2.0	The Schiehallion Fund	2.3
AIA	2.0	Facebook	1.6
Pernod Ricard	1.6	Ping An Insurance	1.6
Olympus	1.6	Shopify	1.5
Thermo Fisher Scientific	1.5		

Average sized holdings c.1.0% each

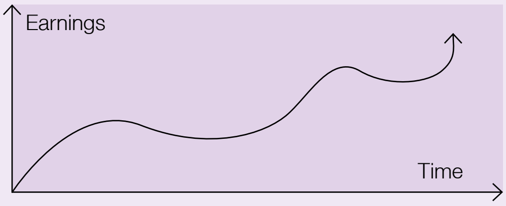
Growth Stalwarts	%	Rapid Growth	%
SAP	1.4	Tesla	1.2
ResMed	1.4	Alnylam Pharmaceuticals	1.1
Arthur J. Gallagher	1.2	HDFC	1.1
Visa	1.1	Teladoc	1.1
Sysmex	0.9	Prosus	1.0
Broadridge Financial Solutions	0.9	Seattle Genetics	1.0
Service Corporation International	0.8	M3	1.0
Bureau Veritas	0.7	Reliance Industries	0.9
Waters	0.7	Illumina	0.9
		Meituan Dianping	0.8
		Zillow	0.8
		Netflix	0.7
		Ping An Healthcare & Technology	0.7
		SEA Limited	0.7

Incubator holdings c.0.5% each

Growth Stalwarts	%	Rapid Growth	%
Schindler	0.5	The Trade Desk	0.6
Hoshizaki Corp	0.4	Trupanion	0.6
		Farfetch	0.6
		CyberAgent	0.6
		Just Eat Takeaway.com	0.6
		Autohome	0.5
		Chipotle Mexican Grill	0.5
		Spotify	0.5
		MercadoLibre	0.5
		ICICI Prudential Life Insurance	0.5
		Axon Enterprise	0.5
		Genmab	0.5
		Ubisoft Entertainment	0.5
		Ant International	0.5
		Renishaw	0.5
		ICICI Bank	0.5
		B3 Group	0.5
		Mail.ru Group	0.4
		Abiomed	0.4
		58.com	0.4
		Chegg	0.4
		Denali Therapeutics	0.4
		Schibsted	0.4
		Trip.com	0.4
		Appian	0.4
		GRAIL	0.4
		iRobot	0.4
		LendingTree	0.4
		GrubHub	0.4
		Novocure	0.4
		Interactive Brokers Group	0.3
		Myriad Genetics	0.2
		Adevinta ASA	0.2
		Sensyne Health	0.2
		Istyle	0.2
Total in this growth category	**27.6%**	**Total in this growth category**	**47.9%**

* Excludes net liquid assets.

Cyclical Growth



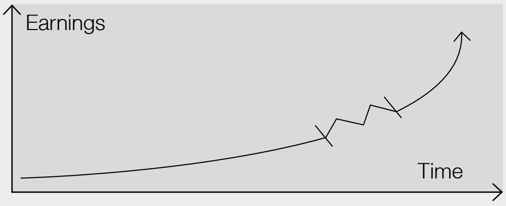
c.10% to 15% p.a. earnings growth through a cycle

Company characteristics

Subject to macroeconomic and capital cycles with significant structural growth prospects

Strong management teams highly skilled at capital allocation

Latent Growth



Earnings growth to accelerate over time

Company characteristics

Company specific catalyst will drive above average earnings in future

Unspectacular recent operational performance and therefore out of favour

Total in this holding size 38.9%

Cyclical Growth		Latent Growth	
		SoftBank Group	1.7

Total in this holding size 34.2%

Cyclical Growth		Latent Growth	
CRH	1.2	MS&AD Insurance	1.1
Martin Marietta Materials	1.2	BHP Billiton	0.9
TSMC	1.1	Kirby	0.7
SMC	0.8		
Teradyne	0.8		
Markel	0.8		
Advantest	0.7		
Ryanair	0.7		
Atlas Copco	0.7		
Deutsche Boerse	0.7		
EOG Resources	0.7		

Total in this holding size 26.9%

Cyclical Growth		Latent Growth	
SiteOne Landscape Supply	0.6	Sumitomo Mitsui Trust Holdings	0.6
Richemont	0.6	Sberbank of Russia	0.6
TD Ameritrade	0.5	Tsingtao Brewery	0.6
Ritchie Bros Auctioneers	0.5	Brilliance China Automotive	0.5
Albemarle	0.5	Stericycle	0.5
CBRE Group	0.5	Fairfax Financial	0.5
Epiroc	0.4	Howard Hughes	0.4
Wabtec	0.4	Toyota Tsusho	0.3
Jefferies Financial Group	0.4	M&G Prudential	0.2
Hays	0.3	DistributionNOW	0.2
Orica	0.3	Lindblad Expeditions Holdings	0.2
Sands China	0.3	Silk Invest Africa Food Fund	0.1
PageGroup	0.3	MRC Global	0.1
Jardine Strategic Holdings	0.3	Ferro Alloy Resources	0.0
Total in this growth category	**15.3%**	**Total in this growth category**	**9.2%**

List of Investments

As at 30 April 2020

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities					
Amazon.com	Online retailer	Rapid	87,481	4.2	
Naspers	Media and ecommerce company	Rapid	62,850	3.0	
Alphabet	Online search engine	Rapid	57,641	2.7	
Alibaba	Online commerce company	Rapid	54,203	2.6	
Moody's	Credit rating agency	Stalwart	49,167	2.3	
The Schiehallion Fund*	Global unlisted growth equity investment trust	Rapid	48,052	2.3	
Microsoft	Software and cloud computing enterprise	Stalwart	45,674	2.2	
Anthem	Healthcare insurer	Stalwart	45,655	2.2	
MasterCard	Electronic payments network and related services	Stalwart	43,289	2.1	
Prudential	International life insurance	Stalwart	42,401	2.0	**25.6**
AIA	Asian life insurer	Stalwart	42,164	2.0	
SoftBank Group	Technology focused investment group	Latent	34,558	1.6	
Pernod Ricard	Global spirits manufacturer	Stalwart	34,235	1.6	
Olympus	Optoelectronic products	Stalwart	34,198	1.6	
Facebook	Social networking website	Rapid	33,478	1.6	
Ping An Insurance	Chinese life insurer	Rapid	33,116	1.6	
Thermo Fisher Scientific	Scientific instruments, consumables and chemicals	Stalwart	31,917	1.5	
Shopify	Online commerce platform	Rapid	30,659	1.5	
SAP	Enterprise software provider	Stalwart	30,137	1.4	
ResMed	Develops and manufactures medical equipment	Stalwart	29,222	1.4	**41.4**
Tesla	Electric cars and renewable energy solutions	Rapid	25,938	1.2	
CRH	Diversified building materials company	Cyclical	25,652	1.2	
Martin Marietta Materials	Cement and aggregates manufacturer	Cyclical	25,450	1.2	
Arthur J. Gallagher	Insurance broker	Stalwart	25,008	1.2	
Alnylam Pharmaceuticals	RNA interference based biotechnology	Rapid	23,697	1.1	
HDFC	Indian mortgage provider	Rapid	23,258	1.1	
MS&AD Insurance	Japanese insurer	Latent	22,905	1.1	
Teladoc	Healthcare services provider	Rapid	22,280	1.1	
TSMC	Semiconductor manufacturer	Cyclical	22,090	1.0	
Visa	Electronic payments network and related services	Stalwart	21,974	1.0	**52.6**
Prosus	Media and ecommerce company	Rapid	21,797	1.0	
Seattle Genetics	Antibody based therapies	Rapid	21,597	1.0	
M3	Online medical services	Rapid	20,869	1.0	
Reliance Industries	Indian energy conglomerate	Rapid	19,453	0.9	
Sysmex	Medical testing equipment	Stalwart	19,306	0.9	
BHP Billiton	Mineral exploration and production	Latent	19,303	0.9	
Broadridge Financial Solutions	Provides technology based solutions to the financial services industry	Stalwart	19,194	0.9	
Illumina	Gene sequencing business	Rapid	18,347	0.9	
SMC	Producer of factory automation equipment	Cyclical	17,292	0.8	
Meituan Dianping	Online commerce platform	Rapid	17,032	0.8	**61.7**
Service Corporation International	Death care services	Stalwart	16,422	0.8	
Zillow	US online real estate services	Rapid	16,295	0.8	
Teradyne	Semiconductor testing equipment manufacturer	Cyclical	15,866	0.8	
Markel	Markets and underwrites speciality insurance products	Cyclical	15,784	0.8	

* The Schiehallion Fund is managed by Baillie Gifford. The Company's holding in The Schiehallion Fund is excluded from its assets when calculating the management fee. See note 3 on page 46.

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
Netflix	Subscription service for TV shows and movies	Rapid	15,511	0.7	
Kirby	US barge operator	Latent	15,261	0.7	
Advantest	Semiconductor testing services	Cyclical	14,945	0.7	
Ryanair	Low cost European airline	Cyclical	14,809	0.7	
Ping An Healthcare & Technology	Chinese telemedicine business	Rapid	14,676	0.7	
Atlas Copco	Industrial equipment	Cyclical	14,510	0.7	**69.1**
Deutsche Boerse	Stock exchange operator	Cyclical	14,327	0.7	
SEA Limited	Online and digital gaming	Rapid	14,264	0.7	
EOG Resources	Natural gas explorer and producer	Cyclical	14,238	0.7	
Bureau Veritas	Global testing services company	Stalwart	14,216	0.7	
Waters	Liquid chromatography products and services	Stalwart	14,134	0.7	
SiteOne Landscape Supply	US distributor of landscaping supplies	Cyclical	13,335	0.6	
The Trade Desk	Advertising technology company	Rapid	13,087	0.6	
Trupanion	Pet health insurance provider	Rapid	13,038	0.6	
Sumitomo Mitsui Trust Holdings	Japanese trust bank and investment manager	Latent	12,812	0.6	
Farfetch	Online fashion retailer	Rapid	12,558	0.6	**75.6**
CyberAgent	Japanese internet advertising and content	Rapid	12,514	0.6	
Richemont	Luxury goods company	Cyclical	12,057	0.6	
Just Eat Takeaway.com	Online takeaway ordering service	Rapid	11,556	0.5	
Sberbank of Russia	Russian commercial bank	Latent	11,518	0.5	
Tsingtao Brewery	Chinese brewer	Latent	11,499	0.5	
Autohome	Chinese online automobile website	Rapid	11,345	0.5	
Chipotle Mexican Grill	Mexican restaurants	Rapid	11,342	0.5	
Spotify	Online music streaming service	Rapid	11,309	0.5	
TD Ameritrade	Online brokerage firm	Cyclical	11,226	0.5	
Brilliance China Automotive	Manufacture and sale of minibuses and automotive components	Latent	11,184	0.5	**80.8**
MercadoLibre	Latin American ecommerce platform	Rapid	11,103	0.5	
ICICI Prudential Life Insurance	Life insurance services	Rapid	10,873	0.5	
Axon Enterprise	Manufacturer of law enforcement devices	Rapid	10,576	0.5	
Genmab	Biotechnology company	Rapid	10,445	0.5	
Ritchie Bros Auctioneers	Industrial equipment auctioneer	Cyclical	10,419	0.5	
Stericycle	Regulated medical waste management services	Latent	10,209	0.5	
Ubisoft Entertainment	Game development platform	Rapid	10,054	0.5	
Albemarle	Speciality chemicals	Cyclical	9,983	0.5	
Ant International[u]	Chinese online payments and financial services business	Rapid	9,870	0.5	
Schindler	Elevator and escalator company	Stalwart	9,864	0.5	**85.8**
Renishaw	World leading metrology company	Rapid	9,661	0.5	
ICICI Bank	Indian retail and corporate bank	Rapid	9,639	0.5	
B3 Group	Brazilian stock exchange operator	Rapid	9,613	0.5	
Fairfax Financial	Commercial insurance	Latent	9,510	0.5	
CBRE Group	Commercial real estate operator	Cyclical	9,395	0.4	
Epiroc	Construction and mining machinery	Cyclical	9,246	0.4	
Mail.ru Group	Russian internet and communication services	Rapid	9,084	0.4	
Abiomed	Medical implant manufacturer	Rapid	9,065	0.4	

[u] Denotes unlisted security.

Name	Business	Growth category	Fair value £'000	% of total assets	Cumulative % of total assets
Equities (continued)					
58.com	Chinese online marketplace	Rapid	9,003	0.4	
Chegg	Online educational platform	Rapid	8,984	0.4	**90.2**
Denali Therapeutics	Early stage biotech company	Rapid	8,839	0.4	
Schibsted	Media and classified advertising platforms	Rapid	8,618	0.4	
Trip.com	Online travel agency	Rapid	8,368	0.4	
Hoshizaki Corp	Commercial kitchen equipment manufacturer	Stalwart	8,308	0.4	
Appian	Enterprise software developer	Rapid	8,242	0.4	
Howard Hughes	US real estate developer	Latent	8,095	0.4	
GRAIL[u]	Blood testing for early cancer detection	Rapid	8,082	0.4	
iRobot	Domestic and military robot manufacturer	Rapid	8,006	0.4	
Wabtec	Rail and transit products and services	Cyclical	7,953	0.4	
LendingTree	US online loan marketplace	Rapid	7,912	0.4	**94.2**
GrubHub	US online food service	Rapid	7,621	0.4	
Novocure	Biotechnology company focusing on solid tumour treatment	Rapid	7,602	0.4	
Jefferies Financial Group	Investment bank	Cyclical	7,568	0.4	
Hays	Recruitment consultancy	Cyclical	7,281	0.3	
Orica	Australian industrial explosives company	Cyclical	7,056	0.3	
Toyota Tsusho	African auto distributor	Latent	6,999	0.3	
Interactive Brokers Group	Global electronic trading platform	Rapid	6,753	0.3	
Sands China	Macau casino operator	Cyclical	5,927	0.3	
PageGroup	Recruitment consultancy	Cyclical	5,501	0.3	
Jardine Strategic Holdings	Asian retail/auto dealerships and property	Cyclical	5,252	0.3	**97.5**
M&G Prudential	Investment management	Latent	4,969	0.2	
DistributionNOW	Oilfield drilling equipment distributor	Latent	4,823	0.2	
Myriad Genetics	Genetic testing company	Rapid	3,937	0.2	
Lindblad Expeditions Holdings	Specialist vacation operator	Latent	3,707	0.2	
Adevinta ASA	Media and classified advertising platforms	Rapid	3,511	0.2	
Sensyne Health	Healthcare technology company	Rapid	3,240	0.2	
Istyle	Japanese cosmetics business	Rapid	3,143	0.2	
Silk Invest Africa Food Fund[u]	Africa focused private equity fund	Latent	3,037	0.1	
MRC Global	Oilfield drilling equipment distributor	Latent	2,762	0.1	
Ferro Alloy Resources	Vanadium mining	Latent	942	–	
Total Investments†			**2,088,827**	**99.1**	**99.1**
Net Liquid Assets†			18,559	0.9	
Total Assets†			**2,107,386**	**100.0**	**100.0**

[u] Denotes unlisted security.

† For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.

One Year Summary*

	30 April 2020	30 April 2019	% change
Total assets (before deduction of borrowings)	£2,107.4m	£2,002m	
Borrowings (at book value)	£143.8m	£139m	
Shareholders' funds	£1,963.6m	£1,863m	
Shareholders' funds per share (borrowings at book value)	878.4p	852.2p	3.1
Net asset value per ordinary share (borrowings at par)†	878.3p	852.1p	3.1
Net asset value per ordinary share (borrowings at fair value)†	875.6p	848.9p	3.1
Share price	914.0p	883.0p	3.5
FTSE World Index (in sterling terms)#			(3.4)
Revenue earnings per ordinary share	4.24p	3.30p	28.5
Dividends paid and payable in respect of the financial year	2.50p	1.85p	35.1
Ongoing charges†	0.48%	0.50%	
Premium (over NAV with borrowings at par)†	4.1%	3.6%	
Premium (over NAV with borrowings at fair value)†	4.4%	4.0%	
Active share†	87%	90%	

Year to 30 April	2020	2019
Total return performance‡		
Net asset value (borrowings at par)†	3.3%	11.9%
Net asset value (borrowings at fair value)†	3.4%	12.0%
Share price†	3.7%	12.7%
FTSE World Index (in sterling terms)#	(1.0%)	11.7%

Year to 30 April	2020	2020	2019	2019
Year's high and low	**High**	**Low**	**High**	**Low**
Net asset value (borrowings at par)†	990.6p	726.0p	862.3p	683.6p
Net asset value (borrowings at fair value)†	988.1p	721.3p	859.1p	680.7p
Share price	1026.0p	647.0p	891.0p	710.0p

During the year to 30 April 2020 the price at which the Company's share price traded relative to its net asset value (with borrowings at fair value†) ranged from a premium† of 6.2% to a discount† of 12.1% (year to 30 April 2019 – premium† of 5.7% to a discount† of 1.4%). The Premium/(discount) graph on the following page does not reflect these extremes, being plotted on a monthly basis.

Year to 30 April	2020	2019
Net return per ordinary share		
Revenue	4.24p	3.30p
Capital	22.26p	87.23p
Total	**26.50p**	**90.53p**

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.
# The FTSE World Index (in sterling terms) is the principal index against which performance is measured.
‡ Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 62.

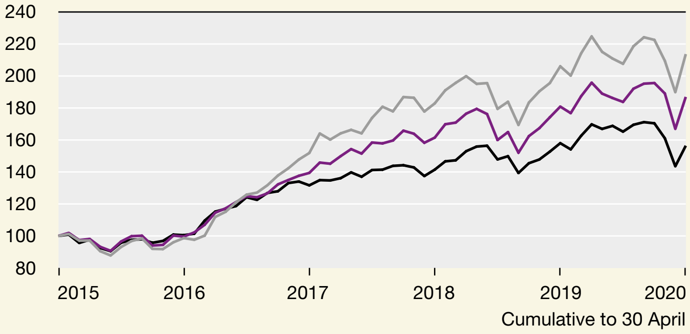
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Monks has performed relative to its comparative index* and its underlying net asset value over the five year period to 30 April 2020.

5 Year Total Return Performance†

(figures rebased to 100 at 30 April 2015)



Source: Refinitiv and relevant underlying index providers#.

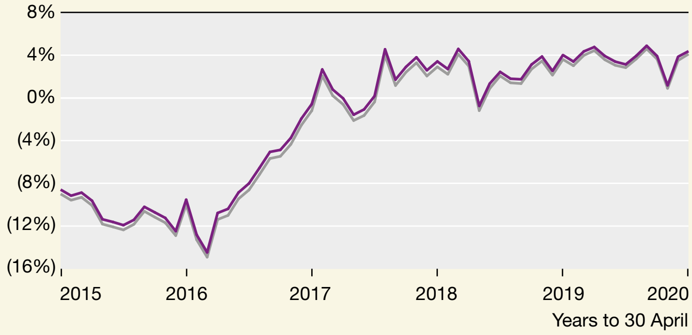
NAV total return†‡

Share price total return†

FTSE World Index* total return

Premium/(discount) to Net Asset Value†

(plotted on a monthly basis)

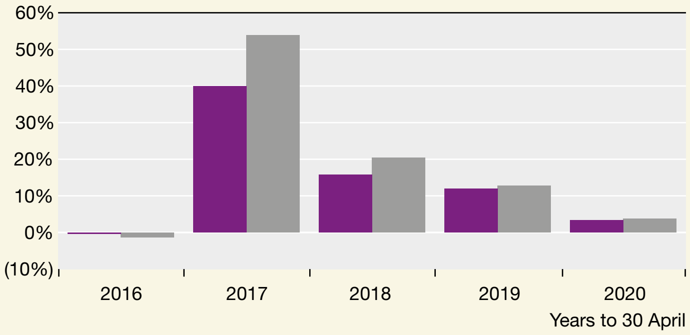


Source: Refinitiv/Baillie Gifford.

Monks premium/(discount) (after deducting borrowings at fair value)†

Monks premium/(discount) (after deducting borrowings at par)†

Annual Net Asset Value and Share Price Total Returns†

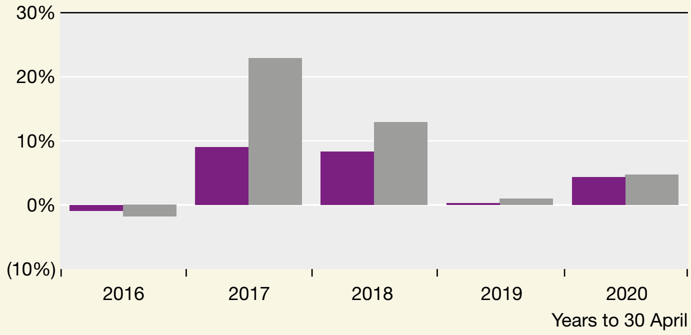


Source: Refinitiv/Baillie Gifford.
Dividends are reinvested.

NAV total return†‡

Share price total return†

Relative Annual Net Asset Value and Share Price Total Returns† (relative to the FTSE World Index* total return)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers#.
Dividends are reinvested.

NAV total return†‡

Share price total return†

* The FTSE World Index (in sterling terms) is the principal index against which performance is measured.
† Alternative performance measure – see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.
# See disclaimer on page 62.
‡ With borrowings deducted at fair value.

Past performance is not a guide to future performance.

Ten Year Summary*

Capital

At 30 April	Total assets * £'000	Borrowings £'000	Shareholders' funds * £'000	Shareholders' funds per share † p	NAV per share † (par) p	NAV per share † (fair) p	Share price p	Premium/* (discount) # (par) %	Premium/* (discount) # (fair) %
2010	1,077,918	119,582	958,336	367.2	367.0	364.1	313.0	(14.7)	(14.0)
2011	1,220,493	159,614	1,060,879	406.8	406.7	403.9	364.0	(10.5)	(9.9)
2012	1,149,366	159,647	989,719	386.4	386.3	382.8	338.5	(12.4)	(11.6)
2013	1,065,906	79,679	986,227	410.4	410.2	408.1	355.0	(13.5)	(13.0)
2014	1,012,608	39,712	972,896	426.9	426.8	425.2	370.0	(13.3)	(13.0)
2015	1,147,620	124,029	1,023,591	478.4	478.3	476.0	435.1	(9.0)	(8.6)
2016	1,096,804	85,855	1,010,949	472.5	472.4	470.1	425.3	(10.0)	(9.5)
2017	1,521,130	107,056	1,414,074	660.9	660.8	656.8	653.0	(1.2)	(0.6)
2018	1,759,541	103,007	1,656,534	762.9	762.8	759.0	785.0	2.9	3.4
2019	2,001,977	139,162	1,862,815	852.2	852.1	848.9	883.0	3.6	4.0
2020	**2,107,386**	**143,762**	**1,963,624**	**878.4**	**878.3**	**875.6**	**914.0**	**4.1**	**4.4**

Revenue

Gearing Ratios

Year to 30 April	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per ordinary share ‡ p	Dividend paid and proposed per share net p	Ongoing * charges ¶ %	Gearing § %	Potential gearing ^ %
2010	23,887	10,569	4.02	3.00	0.62	10	12
2011	27,366	10,600	4.06	3.00	0.63	10	15
2012	31,424	13,889	5.35	3.95	0.63	(7)	16
2013	22,983	11,778	4.68	3.95	0.60	1	8
2014	21,585	11,181	4.87	3.95	0.57	(1)	4
2015	20,215	10,549	4.74	3.95	0.58	7	12
2016	15,149	4,954	2.31	1.50	0.59	7	8
2017	17,593	5,043	2.36	1.25	0.59	7	8
2018	19,759	5,588	2.61	1.40	0.52	5	6
2019	23,268	7,186	3.30	1.85	0.50	6	7
2020	**26,691**	**9,319**	**4.24**	**2.50**	**0.48**	**6**	**7**

Cumulative Performance (taking 2010 as 100)

At 30 April	NAV per share (fair) *	NAV total return ** (fair) *	Share price	Share price total * return **	Comparative Index **	Comparative Index total return **	Revenue earnings per share	Dividend paid and proposed per share (net)	Retail price index **
2010	100	100	100	100	100	100	100	100	100
2011	111	111	116	117	107	109	101	100	105
2012	105	106	108	109	101	106	133	132	109
2013	112	114	113	116	119	129	116	132	112
2014	117	120	118	122	124	138	121	132	115
2015	131	136	139	145	143	163	118	132	116
2016	129	135	136	144	140	164	57	50	117
2017	180	190	209	221	179	215	59	42	121
2018	208	220	251	266	187	231	65	47	126
2019	233	246	282	300	204	258	82	62	129
2020	**240**	**254**	**292**	**311**	**197**	**255**	**105**	**83**	**131**
Compound annual returns									
5 year	13.0%	13.3%	16.0%	16.4%	6.7%	9.4%	(2.2%)	(8.7%)	2.5%
10 year	9.2%	9.8%	11.3%	12.0%	7.0%	9.8%	0.5%	(1.8%)	2.8%

* For a definition of terms used see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.

† Shareholders' funds per share has been calculated after deducting borrowings at book value (see note 15 on page 51). Net asset value (NAV) per share has been calculated after deducting borrowings at either par value or fair value. See Glossary of Terms and Alternative Performance Measures on pages 63 and 64.

\# Premium/(discount) is the difference between Monks' quoted share price and its underlying net asset value with borrowings at either par value or fair value.

‡ The calculation of revenue earnings per share is based on the revenue from ordinary activities after taxation and the weighted average number of ordinary shares in issue (see note 7 on page 48).

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

§ The figures from 2011 onwards represent effective gearing (see Glossary of Terms and Alternative Performance Measures on pages 63 and 64). The figures for previous years represent invested gearing, being total borrowings less all cash and brokers' balances expressed as a percentage of shareholders' funds.

^ Total borrowings expressed as a percentage of shareholders' funds (see Glossary of Terms and Alternative Performance Measures on pages 63 and 64).

** Source: Refinitiv and relevant underlying index providers. See disclaimer on page 62.

Past performance is not a guide to future performance.

Business Review

Business Model

Business and Status

The Monks Investment Trust PLC ('the Company') is a public company limited by shares and is incorporated in England and Wales with its registered office address c/o Computershare Investor Services PLC, Moor House, 120 London Wall, London EC2Y 5ET. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust. Investment trusts are UK public listed companies and their shares are traded on the London Stock Exchange. They invest in a portfolio of assets in order to spread risk. The Company has a fixed share capital although, subject to shareholder approval sought annually, it may purchase its own shares or issue shares. The price of the Company's shares is determined, like other listed shares, by supply and demand.

The Company has been approved as an investment trust by HM Revenue & Customs subject to the Company continuing to meet the eligibility conditions. The Directors are of the opinion that the Company has continued to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company is an Alternative Investment Fund (AIF) for the purposes of the EU Alternative Fund Managers Directive.

Purpose

The Monks Investment Trust 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.

Objective and Policy

The Company's objective is to invest globally to achieve capital growth. This takes priority over income and dividends.

Monks seeks to meet its objective by investing principally in a portfolio of global quoted equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

There are no limits to geographical or sector exposures, but these are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The number of holdings in equities typically ranges from 70 to 200. At the financial year end, the portfolio contained 120 equity holdings. A portfolio review by the investment managers is given on pages 5 to 8 and the investments held at the year end are listed on pages 12 to 14.

Investment may also be made in funds (open and closed-ended) including those managed by Baillie Gifford & Co. The maximum permitted investment in UK listed investment companies in aggregate is 15% of gross assets. Asset classes other than quoted equities may be purchased from time to time including fixed interest holdings, unquoted securities and derivatives. The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk) and to achieve capital growth.

While there is a comparative index for the purpose of measuring performance, no attention is paid to the composition of this index when constructing the portfolio; the portfolio may, therefore, differ substantially from that of the index. A long-term view is taken and there may be periods when the net asset value per share declines both in absolute terms and relative to the comparative index. Payment of dividends is secondary to achieving capital growth. The shares are not considered to be a suitable investment for those seeking a regular or rising income.

Borrowings are invested in equities and other asset classes when this is considered to be appropriate on investment grounds. Gearing levels, and the extent of equity gearing, are discussed by the Board and investment managers at every Board meeting and adjusted accordingly with regard to the outlook. New borrowings will not be taken out if this takes the level of effective equity gearing to over 30% of shareholders' funds. Equity exposure may, on occasions, be below 100% of shareholders' funds.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The Board uses performance indicators (KPIs) to measure the progress and performance of the Company over time when discharging its duties as set out on page 26 and evaluating the Managers as noted on page 23. These KPIs are established industry measures and are as follows:

— the movement in net asset value per ordinary share on a total return basis;

— the movement in the share price on a total return basis;

— the premium/discount; and

— ongoing charges.

An explanation of these measures can be found in the Glossary of Terms and Alternative Performance Measures on pages 63 and 64. The one, five and ten year records of the KPIs are shown on pages 15 to 17.

In addition to the above, the Board also has regard to the total return of the Company's principal comparative index (FTSE World Index in sterling terms) and considers the performance of comparable companies.

Borrowings

The Company's borrowings at 30 April 2020 comprised a £40 million 6⅜% debenture stock repayable in 2023 (30 April 2019 – £40 million), a short-term bank loan of US$124.7 million (30 April 2019 – US$129.4 million) with National Australia Bank Limited, drawn under a £100 million floating rate facility and a short-term loan facility with Scotiabank (Ireland), initially for £5 million but with the ability to increase it to £50 million, £5 million of which has been utilised (30 April 2019 – nil). Further details of the Company's borrowings are set out in notes 11 and 12 on page 50 and details of the Company's gearing levels are included in the Chairman's Statement on pages 2 and 3 and the Ten Year Summary on page 17.

Principal Risks

As explained on pages 27 and 28 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company on a regular basis. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A description of these risks and how they are being managed or mitigated is set out below.

The Board considers the coronavirus (Covid-19) pandemic and Brexit to be factors which exacerbate existing risks, rather than new emerging risks. Their impact is considered within the relevant risks.

Financial Risk – the Company's assets consist mainly of listed securities and its principal and emerging financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 19 to the Financial Statements on pages 52 to 55. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus (Covid-19) outbreak. To mitigate this risk, the composition and diversification of the portfolio by geography, industry, growth category, holding size and thematic risk category are considered at each Board meeting along with sales and purchases of investments. Individual investments are discussed with the investment managers together with their general views on the various investment markets and sectors. A strategy meeting is held annually. The Board has considered the potential impact on sterling from the remaining Brexit related uncertainties. The value of the Company's investment portfolio would be affected by any impact, positively or negatively, on sterling but such impact would be partially offset by the effect of exchange movements on the Company's US$ denominated borrowings.

Investment Strategy Risk – pursuing an investment strategy to fulfil the Company's objective which the market perceives to be unattractive or inappropriate, or the ineffective implementation of an attractive or appropriate strategy, may lead to reduced returns for shareholders and, as a result, a decreased demand for the Company's shares. This may lead to the Company's shares trading at a widening discount to their Net Asset Value. To mitigate this risk, the Board regularly reviews and monitors: the Company's objective and investment policy and strategy; the investment portfolio and its performance; the level of discount/premium to Net Asset Value at which the shares trade; and movements in the share register, and raises any matters of concern with the Managers.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment trust companies, the UKLA Listing rules and the Companies Act could lead to the Company being subject to tax on capital gains, suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. To mitigate this risk, Baillie Gifford's Business Risk, Internal Audit and Compliance Departments provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes. Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised. Shareholder documents and announcements, including the Company's published Interim and Annual Report and Financial Statements, are subject to stringent review processes and procedures are in place to ensure adherence to the Transparency Directive and the Market Abuse Directive with reference to inside information.

Custody and Depositary Risk – safe custody of the Company's assets may be compromised through control failures by the Depositary, including breaches of cyber security. To mitigate this risk, the Board receives six-monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian. Cash and portfolio holdings are independently reconciled to the Custodian's records by the Managers. The Custodian's audited internal controls reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns investigated.

Operational Risk – failure of Baillie Gifford's systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. To mitigate this risk, Baillie Gifford has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption (including any disruption resulting from the coronavirus outbreak) or major disaster. Since the introduction of the Covid-19 restrictions, almost all Baillie Gifford staff have been working from home and operations have continued very largely as normal. The Board reviews Baillie Gifford's Report on Internal Controls and the reports by other third party providers are reviewed by Baillie Gifford on behalf of the Board. The other key third party service providers have not experienced significant operational difficulties affecting their respective services to the Company.

Discount Risk – the discount at which the Company's shares trade relative to its Net Asset Value can change. The risk of a widening discount is that it may undermine investor confidence in the Company. To manage this risk, the Board monitors the level of discount/premium at which the shares trade and the Company has authority to buy back its existing shares when deemed by the Board to be in the best interests of the Company and its shareholders.

Political Risk – political change in areas in which the Company invests or may invest may increasingly have practical consequences for the Company. To mitigate this risk, developments are closely monitored and considered by the Board. Following the departure of the UK from the European Union on 31 January 2020, the Board continues to assess the potential consequences for the Company's future activities. Whilst there remains considerable uncertainty, the Board believes that the Company's global portfolio, with only 7.3% of the portfolio exposed to the United Kingdom, positions the Company to be suitably insulated from Brexit-related risk.

Leverage Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings. The Company can also make use of derivative contracts. To mitigate this risk all borrowings require the prior approval of the Board and leverage levels are discussed by the Board and investment managers at every meeting. Covenant levels are monitored regularly. The majority of the Company's investments are in quoted securities that are readily realisable. Further information on leverage can be found on page 60.

Viability Statement

Having regard to provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three year period. The Directors believe, having taken into account a number of factors including the investment managers' investment horizon, this period to be appropriate as, in the absence of any adverse change to the regulatory environment and the favourable tax treatment afforded to UK investment trusts, it is a period over which they do not expect there to be any significant change to the current principal risks and to the adequacy of the mitigating controls in place. The Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period.

In making this assessment the Directors have taken into account the Company's current position and have conducted a robust assessment of the Company's principal and emerging risks and uncertainties (as detailed on pages 19 and 20), in particular the impact of market risk where a significant fall in global equity markets would adversely impact the value of the investment portfolio. The Directors have also considered the Company's investment objective and policy, the level of demand for the Company's shares, the nature of its assets, its liabilities and projected income and expenditure. The vast majority of the Company's investments are readily realisable and can be sold to meet its liabilities as they fall due, the main liabilities currently being the debenture stock repayable in 2023 and short-term bank borrowings. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company during this period of remote working. In addition, as substantially all of the essential services required by the Company are outsourced to third party service providers, this allows key service providers to be replaced at relatively short notice where necessary. Specific leverage and liquidity stress testing was conducted during the year, including consideration of the risk of further market deterioration resulting from the coronavirus outbreak. The stress testing did not indicate any matters of concern. The Board has specifically considered the UK's departure from the European Union on 31 January 2020 and does not consider that any outcome would affect the going concern status or viability of the Company.

Based upon the Company's processes for monitoring operating costs, share price premium/discount, the Managers' compliance with the investment objective, the portfolio risk profile, leverage, counterparty exposure, liquidity risk and financial controls, the Board believes that the prospects of the Company are sound and the Directors are able to confirm that they have a reasonable expectation that it will continue in operation and meet its liabilities as they fall due over a period of at least three years.

Promoting the Success of the Company (Section 172 Statement)

Under section 172 of the Companies Act 2006, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters and to the extent applicable) to: a) the likely consequences of any decision in the long term, b) the interests of the company's employees, c) the need to foster the company's business relationships with suppliers, customers and others, d) the impact of the company's operations on the community and the environment, e) the desirability of the company maintaining a reputation for high standards of business conduct, and f) the need to act fairly as between members of the company.

In this context, having regard to Monks being an externally-managed investment company with no employees, the Board considers the Company's key stakeholders to be: its existing and potential new shareholders and debenture stockholders; its externally-appointed managers (Baillie Gifford); other professional service providers (corporate broker, registrar, auditors and depositary); lenders; wider society and the environment.

The Board considers that the interests of the Company's key stakeholders are aligned, in terms of wishing to see the Company deliver sustainable long-term growth, in line with the Company's stated objective and strategy, and meet the highest standards of legal, regulatory, and commercial conduct, with the differences between stakeholders being merely a matter of emphasis on those elements. The Board's methods for assessing the Company's progress in the context of its stakeholders' interests are set out below.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and Managers to present to shareholders on the Company's performance, future plans and prospects. It also allows shareholders the opportunity to meet with the Board and Managers and raise questions and concerns. The Chairman is available to meet with shareholders as appropriate. The Managers meet regularly with shareholders and their representatives, reporting their views back to the Board. Directors also attend certain shareholder presentations, in order to gauge shareholder sentiment first hand. Shareholders may also communicate with members of the Board at any time by writing to them at the Company's registered office or to the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.

The Board seeks to engage with its Managers and other service providers in a collaborative and collegiate manner, encouraging open and constructive discussion and debate, whilst also ensuring that appropriate and regular challenge is brought and evaluation conducted. This approach aims to enhance service levels and strengthen relationships with the Company's providers, with a view to ensuring the interests of the Company's shareholders and stockholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.

Whilst the Company's operations are limited, as third party service providers conduct all substantive operations, the Board is aware of the need to consider the impact of the Company's investment strategy and policy on wider society and the environment. The Board considers that its oversight of environmental, social and governance ('ESG') matters is an important part of its responsibility to all stakeholders and that proper consideration of ESG factors sits naturally with Monks' longstanding aim of providing a sustainable basis for adding value for shareholders. The Board's review of the Managers includes an assessment of their ESG approach and its application in making investment decisions. The Board supports the Managers' Long-term Perspective as set out in their Core Investment Beliefs on page 4 and regularly reviews Governance Engagement reports, which document the Managers' interactions with investee companies on ESG matters.

The Board recognises the importance of keeping the interests of the Company's shareholders, and of acting fairly between them, firmly front of mind in its key decision making. The Company Secretaries are at all times available to the Board to ensure that suitable consideration is given to the range of factors to which the Directors should have regard. In addition to ensuring that the Company's stated investment objective was being pursued, key decisions and actions during the year which required the Directors to have regard to applicable section 172 factors included:

— as part of ongoing Board succession and refreshment, the appointment and induction of Claire Boyle to the Board, with effect from 1 May, in support of the AIC Corporate Governance Code principle that 'a successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society';

— the raising of over £46 million from new share issuance, at a premium to net asset value, in order to satisfy investor demand over the year, which also serves the interests of current shareholders by reducing costs per share and helping to further improve liquidity; and

— the decision to declare a dividend of 2.50p, the minimum distribution permissible under investment trust regulations, in order to retain funds for reinvestment, consistent with Monks' growth focus and its shareholders' priorities.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, there are no disclosures to be made in respect of employees, human rights and community issues.

Gender Representation

The Board currently comprises seven Directors, five male and two female, following Mr McDougall's retiral immediately following the Company's 2019 AGM and the appointment of Ms Boyle with effect from 1 May 2020. Following Mr Ferguson's retiral at the end of the forthcoming AGM the Board will comprise six Directors, four male and two female, and will therefore comply with the Hampton Alexander target of 33% female membership. The Company has no employees. The Board's policy on diversity is set out on page 26.

Environmental, Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 29.

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

Future Developments of the Company

The outlook for the Company is dependent to a significant degree on economic events and the financial markets. Potential threats are discussed in the Principal Risks analysis on pages 19 and 20 and factors which the Board consider to indicate the Company's positive prospects and financial health are discussed in the Viability Statement on page 20. Further comments on the outlook for the Company and its investment portfolio are set out in the Chairman's Statement on pages 2 and 3 and the Managers' Report on pages 5 to 8.

The Strategic Report which includes pages 2 to 21 was approved by the Board of Directors and signed on its behalf on 16 June 2020.

JGD Ferguson
Chairman

Directors and Management

Directors

JGD Ferguson

James Ferguson was appointed a Director in 2002 and became Chairman in 2005. He is chairman of Value & Income Trust plc, The Scottish Oriental Smaller Companies Trust Plc, The North American Income Trust PLC and Northern 3 VCT Plc. He is a director of The Independent Investment Trust PLC. He joined Stewart Ivory in 1970, becoming chairman and chief executive in 1989 and retiring in 2000. He is a former deputy chairman of the Association of Investment Companies.

C Boyle

Claire Boyle was appointed a Director with effect from 1 May 2020. Ms Boyle has over seventeen years' experience working in financial services and investment management. Having qualified as a chartered accountant with Coopers & Lybrand, where she specialised in litigation support and forensic accounting, Ms Boyle then spent thirteen years working in equity investment management for: Robert Fleming Investment Management; American Express Asset Management; and latterly Oxburgh Partners LLP, where she was a partner with responsibility for their European Equity Hedge Fund. She is a non-executive director and chair of the audit committee of Aberdeen Japan Investment Trust PLC and a non-executive director and chair of the audit committee of Fidelity Special Values Plc.

EM Harley

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

BJ Richards

Belinda Richards was appointed a Director in 2016. She is a former senior partner at Deloitte LLP with a thirty year career specialising in business operations and strategy development with a particular focus on the Financial Services and Consumer Products sectors. She is currently the chair of the audit committee of Wm Morrison Supermarkets PLC, Schroder Japan Growth Fund plc and Avast plc and a non-executive director of Phoenix Group Holdings. In addition, she is a trustee of the Youth Sport Trust.

Professor Sir Nigel Shadbolt

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

KS Sternberg

Karl Sternberg was appointed a Director in 2013. He worked for Morgan Grenfell Asset Management (owned by Deutsche Bank) from 1992 to 2005 in a variety of roles, ultimately as the chief investment officer of Deutsche Asset Management Limited. He left that role to establish Oxford Investment Partners, an investment management company for a group of Oxford colleges, where he was chief executive officer until 2013. He is a director of JPMorgan Elect Plc, Alliance Trust PLC, Herald Investment Trust plc, Lowland Investment Company PLC, Jupiter Fund Management plc and Clipstone Logistics REIT plc.

JJ Tigue

Jeremy Tigue was appointed a Director in 2014. He became Chairman of the Audit Committee on 1 May 2015 and Senior Independent Director on 3 September 2019. Mr Tigue was the fund manager of Foreign & Colonial Investment Trust PLC from 1997 to June 2014. He is currently chairman of ICG Enterprise Trust plc and is a director of The Mercantile Investment Trust plc and Aberdeen Standard Equity Income Trust PLC. He was a director of the Association of Investment Companies from 2003 to 2013.

All of the Directors are members of the Audit Committee with the exception of Mr EM Harley and Mr JGD Ferguson.

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages ten investment trusts. Baillie Gifford also manages a listed investment company, unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £240 billion. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 46 partners and a staff of around 1,300.

The investment manager of Monks is Charles Plowden and the deputy managers are Spencer Adair and Malcolm MacColl. Charles, Spencer and Malcolm are all partners at Baillie Gifford and have been working together since 2005. Charles is one of Baillie Gifford's two joint senior partners.

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

Directors' Report

The Directors present their Report together with the audited Financial Statements of the Company for the year to 30 April 2020.

Corporate Governance

The Corporate Governance Report is set out on pages 26 to 29 and forms part of this Report.

Managers and Secretaries

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Baillie Gifford & Co Limited has delegated portfolio management services to Baillie Gifford & Co. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

The Investment Management Agreement sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Investment Management Agreement is terminable on not less than six months' notice. Compensation fees would only be payable in respect of the notice period if termination were to occur sooner. The annual management fee 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 (see note 3 on page 46 for more details).

The function of a Management Engagement Committee is fulfilled by those members of the Board who are also members of the Audit Committee ('Qualifying Directors'). The Board reviews investment performance and monitors the arrangements for the provision of investment management and secretarial services to the Company on a continuous basis. A formal evaluation of the Managers by the Qualifying Directors is conducted annually. The Qualifying Directors' annual evaluation considered, amongst others, the following topics: the quality of the personnel assigned to handle the Company's affairs; the quality of policy guidance and explanations; the investment strategy and performance; administrative competence; the quality and coverage of papers; the marketing efforts undertaken by the Managers; communication with shareholders; and the service level provided by, and relationship with, the Managers generally.

Following the most recent evaluation in March 2020, the Qualifying Directors are in agreement that the continuing appointment of Baillie Gifford & Co Limited as AIFM and the delegation of investment management services to Baillie Gifford & Co on the terms agreed, is in the interest of shareholders as a whole.

The Qualifying Directors consider that maintaining a low ongoing charges ratio is in the best interest of shareholders. The Qualifying Directors continue to give careful consideration to the basis of the management fee.

Depositary

The Bank of New York Mellon (International) Limited has been appointed as the Company's Depository in accordance with the requirements of the Alternative Investment Fund Managers (AIFM) Directive.

The Company's Depositary also acts as the Company's Custodian. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements.

Directors

Information about the Directors who were in office at the year end and up to the date the Financial Statements were signed, including their relevant experience, can be found on page 22.

All of the Directors are retiring at the Annual General Meeting and all, with the exception of Mr Ferguson, are offering themselves for re-election. Following formal performance evaluation, the Chairman confirms that the Board considers that the Directors' performance continues to be effective and that they remain committed to the Company. The Board therefore recommends their re-election to shareholders.

Following the appointment of Ms Boyle to the Board with effect from 1 May 2020, and the retiral of Mr Ferguson at the end of the Company's forthcoming AGM, the Board will meet its stated target of 33% female membership by December 2020.

The Board considers that Mr Ferguson and Mr Harley remain independent notwithstanding having served on the Board for more than nine years, as explained on page 26.

Directors' Indemnity and Insurance

The Company has entered into qualifying third party deeds of indemnity in favour of each of its Directors. The deeds, which were in force during the year to 30 April 2020 and up to the date of approval of this report, cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him/her. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person. The Company also maintains Directors' and Officers' liability insurance.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Board on an annual basis. The Board considers these carefully, taking into account the circumstances surrounding them and, if considered appropriate, they are approved for a period of one year. Having considered the lists of potential conflicts there were no actual direct or indirect interests of a Director which conflicted with the interests of the Company.

Dividends

The Board recommends a final dividend of 2.5p per ordinary share for the year. If approved, the recommended final dividend on the ordinary shares will be paid on 4 September 2020 to shareholders on the register at the close of business on 31 July 2020. The ex-dividend date is 30 July 2020. The Company's Registrar offers a Dividend Reinvestment Plan (see page 60) and the final date for elections for this dividend is 13 August 2020.

Share Capital

Capital Structure

The Company's capital structure consists of 223,553,859 ordinary shares of 5p each as at 30 April 2020. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

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

Capital entitlement

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

Voting

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

Information on the deadlines for proxy appointments can be found on page 57.

Major Interests in the Company's Shares

The Company has not received any notifications of major interests in the voting rights of the Company as at 30 April 2020. There have been no notifications of major interests in the Company's shares intimated up to 12 June 2020.

Annual General Meeting

Issuance of Shares

At the last Annual General Meeting, the Directors were granted shareholders' approval for a general authority to allot shares and also an authority to issue shares or sell shares held in treasury on a non pre-emptive basis (without first offering such shares to existing shareholders pro-rata to their existing holdings up to a maximum nominal amount of £1,093,619.25). During the year to 30 April 2020 the Company issued a total of 4,960,000 shares on a non pre-emptive basis (nominal value £248,000, representing 2.3% of the issued share capital at 30 April 2019) at a premium to net asset value (on the basis of debt valued at par value) on 41 separate occasions at an average price of 940.5 pence per share raising net proceeds of £46,569,000. Between 1 May and 12 June 2020, the Company issued a further 325,000 shares at a premium to net asset value raising proceeds of £3,141,000. No shares were held in treasury as at 12 June 2020.

Both authorities expire at the forthcoming Annual General Meeting and the Directors are seeking shareholders' approval to renew them for a further year, as detailed below.

Resolution 13 in the Notice of Annual General Meeting seeks a general authority for the Directors to allot shares up to an aggregate nominal amount of £1,119,394.25. This amount represents 10% of the Company's total ordinary share capital in issue at 12 June 2020 and meets institutional guidelines. This authority will continue until the conclusion of the Annual General Meeting to be held in 2021 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Resolution 14, which is proposed as a special resolution, seeks authority for the Directors to issue shares or sell shares held in treasury on a non pre-emptive basis for cash up to an aggregate nominal amount of £1,119,394.25 (representing 10% of the issued ordinary share capital of the Company as at 12 June 2020). This authority will only be used to issue shares or sell shares from treasury at a premium to net asset value on the basis of debt valued at par value and only when the Directors believe that it would be in the best interests of the Company to do so. This authority will continue until the conclusion of the Annual General Meeting to be held in 2021 or on the expiry of 15 months from the passing of the resolutions, if earlier.

Purchase of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 32,786,706 ordinary shares (equivalent to approximately 14.99% of its issued share capital), such authority to expire at the Annual General Meeting in respect of the year ended 30 April 2020. No shares were bought back during the year under review and no shares are held in treasury. The principal reason for share buy-backs is to enhance net asset value per share for continuing shareholders by purchasing shares at a discount to the prevailing net asset value.

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

(i) sell such shares (or any of them) for cash (or its equivalent under the Companies Act 2006); or

(ii) cancel the shares (or any of them).

Shares will only be sold from treasury at a premium to net asset value.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in respect of the year ended 30 April 2021.

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

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

(ii) the higher of the price of the last independent trade and the highest current independent bid for a share on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003).

The minimum price (exclusive of expenses) that may be paid is 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. The Company does not have any warrants or options in issue. Your attention is drawn to Resolution 15 in the Notice of Annual General Meeting on page 57. This authority, if conferred, will be exercised only if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally.

Articles of Association

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

Financial Instruments

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

Disclosure of Information to Auditor

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

Post Balance Sheet Events

The Directors confirm that there have been no post Balance Sheet events which require adjustment of, or disclosure in, the Financial Statements or notes thereto up to 16 June 2020.

Independent Auditor

The Auditor, Ernst & Young LLP, is willing to continue in office and, in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning Ernst & Young LLP's reappointment and remuneration will be submitted to the Annual General Meeting.

Greenhouse Gas Emissions and Streamlined Energy & Carbon Reporting ('SECR')

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company is a low energy user under the SECR regulations and has no energy and carbon information to disclose.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Criminal Finances Act 2017

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Recommendation

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

On behalf of the Board
JGD Ferguson
Chairman
16 June 2020

Corporate Governance Report

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2018 UK Corporate Governance Code (the 'Code') which can be found at **www.frc.org.uk**, and the relevant principles of the Association of Investment Companies (AIC) Code of Corporate Governance issued in 2019 were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at **www.theaic.co.uk**.

Compliance

The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code (the AIC Code can be found at **www.theaic.co.uk**). The Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code except as follows:

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

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

The Company does not have a separate internal audit function, as explained on page 30.

The Board

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

The Board currently comprises seven Directors all of whom are non-executive.

The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Alternative Investment Fund Manager ('AIFM'), Baillie Gifford & Co Limited, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Mr JJ Tigue.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 22.

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

Diversity Policy

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

Appointments to the Board

Following the Board's annual review of its composition and bearing in mind its ambition to develop a diverse pipeline for succession, a sub-committee was formed to oversee recruitment of a new director. The sub-committee identified the skills and experience required, selected a longlist of ten candidates, a shortlist of three, then made a recommendation to the Board. Given the number and high quality of available candidates, without having recourse to an external search agency, no such agency was used. Claire Boyle was appointed to the Board with effect from 1 May 2020 and details of her relevant skills and experience are provided on page 22.

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

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

Independence of Directors

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

The Directors recognise the importance of succession planning for company boards and the Board's composition is reviewed annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can be a benefit to the Board.

Mr Ferguson and Mr Harley have served for more than nine years. Following a formal performance evaluation the Board concluded that, notwithstanding the above, Mr Ferguson and Mr Harley continue to demonstrate independence of character and judgement. Their skills and experience have added significantly to the strength of the Board. Mr Ferguson is standing down from Monks Board following the Company's forthcoming Annual General Meeting.

Policy on Chairman's Tenure

The Board considers that the tenure of the Chair should be determined principally by the Board's role in providing strategic leadership, governance, challenge and support to the Managers, whilst balancing the importance of independence, refreshment and diversity with retention of the corporate memory. It firmly believes that an appropriate combination of these factors is essential for an effective Board. This, at times, will naturally result in some longer serving directors, including the Chair. The Board considers long term succession planning for this role as part of its broader remit to ensure an appropriate level of refreshment and diversity on the Board. It does not believe the imposition of hard time limits to be helpful in respect of this role, any more than for the tenure of Directors overall.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the core Board and Audit Committee meetings held during the year, excluding ancillary and sub-committee meetings. The Annual General Meeting was attended by all the Directors.

Directors' Attendance at Meetings

	Board	Audit Committee
Number of meetings	**4**	**2**
JGD Ferguson	4	–*
EM Harley	4	–*
BJ Richards	4	2
Professor Sir Nigel Shadbolt	4	2
KS Sternberg	4	2
JJ Tigue	4	2

* Mr JGD Ferguson and Mr EM Harley are not members of the Audit Committee but attend by invitation.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and the Audit Committee was carried out during the year. After considering and responding to an evaluation questionnaire each Director had an interview with the Chairman. The Chairman's appraisal was led by Mr JJ Tigue, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and the Audit Committee. Following this process it was concluded that the performance of each Director, the Chairman, the Board and the Audit Committee continues to be effective and that each Director and the Chairman remain committed to the Company. The Board has considered the requirement for FTSE 350 companies to have Board evaluations externally facilitated every three years and is of the opinion that the use of external consultants to assist with the evaluation is unlikely to bring any meaningful benefit to the process, though the option to do so is kept under review.

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

Prior to recommending Mr Sternberg as Mr Ferguson's successor in the Chair, the Board reviewed his other commitments and was satisfied that he would have sufficient time to devote to the role.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. During the year briefings on industry and regulatory matters were provided to the Board by the Managers and Secretaries. Directors receive other relevant training as necessary.

Remuneration

As the Board considers all its members to be independent, and all the Directors are non-executive the Board does not consider it necessary to form a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 32 and 33.

Audit Committee

The report of the Audit Committee is set out on pages 30 and 31.

Internal Controls and Risk Management

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

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

The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the Company's assets and to manage its affairs properly, including the maintenance of effective operational and compliance controls have been delegated to the Managers and Secretaries.

The Board oversees the functions delegated to the Managers and Secretaries and the controls managed by the AIFM in accordance with the Alternative Investment Fund Managers Directive (as detailed below). Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provide the Audit Committee with regular reports on their monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's Auditors and a copy is submitted to the Audit Committee.

A report identifying the material risks faced by the Company and the key controls employed to manage these risks is reviewed by the Audit Committee.

These procedures ensure that consideration is given regularly to the nature and extent of risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage these risks.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems, which accord with the FRC 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review and up to the date of this Report.

The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

To comply with the Alternative Investment Fund Managers Directive, The Bank of New York Mellon (International) Limited acts as the Company's Depositary and Baillie Gifford & Co Limited acts as its AIFM.

The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Company's Depositary also acts as the Company's Custodian. The Custodian prepares reports on its key controls and safeguards which are independently reviewed by KPMG LLP. The reports are reviewed by Baillie Gifford's Business Risk Department and a summary of the key points is reported to the Audit Committee and any concerns are investigated.

The Depositary provides the Audit Committee with a report on its monitoring activities.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk management policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM and approved by the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see page 60), are monitored and the sensitivity of the portfolio to key risks is reviewed periodically as appropriate to ascertain the impact of changes in key variables in the portfolio. Exceptions from limits monitoring and stress testing undertaken by Baillie Gifford's Business Risk Department are escalated to the AIFM and reported to the Board along with remedial measures being taken.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the coronavirus pandemic.

The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained on pages 19 and 20 and in note 19 to the Financial Statements. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus (Covid-19) outbreak but does not believe the Company's going concern status is affected.

The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 20, which assesses the prospects of the Company over a period of three years, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and report shareholders' views to the Board. The Chairman has maintained open lines of communication with market participants and investors in the Company, separate of Manager involvement, in order to ascertain views on corporate matters. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Secretaries' address or through the Company's Broker, Investec Bank plc (see contact details on the back cover).

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the meeting and is published at **www.monksinvestmenttrust.co.uk** subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days.

Shareholders and potential investors may obtain up-to-date information on the Company at **www.monksinvestmenttrust.co.uk**.

Corporate Governance and Stewardship

The Board has given discretionary voting powers to Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests and report their actions to the Board.

The Board believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and has asked the Managers to take these issues into account. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors. A positive engagement approach is employed whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long-term investment returns. The latest Monks Stewardship Report, which outlines the Managers' approach to engagement and provides examples, is available at **www.monksinvestmenttrust.com**. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at **www.bailliegifford.com**. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project.

On behalf of the Board
JGD Ferguson
Chairman
16 June 2020

Audit Committee Report

The Audit Committee consists of Ms C Boyle (with effect from 1 May 2020), Ms BJ Richards, Professor Sir Nigel Shadbolt, Mr KS Sternberg and Mr JJ Tigue, who is the Chairman of the Committee. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretary and at **www.monksinvestmenttrust.co.uk**. The terms of reference are reviewed annually.

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

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

Main Activities of the Committee

The Committee met twice during the year and the external Auditor, Ernst & Young LLP, attended one of those meetings. Baillie Gifford & Co's Internal Audit and Compliance Departments and the AIFM's permanent risk function provided reports on their monitoring programmes for these meetings. In addition, the external Auditor met with the Audit Committee Chair on an ad-hoc basis to discuss matters pertinent to the Committee as they arose.

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

— the results announcement and the Annual and Interim Reports;

— the Company's accounting policies and practices and the implementation of the Managers' valuation policy for investments in unquoted companies;

— the regulatory changes impacting the Company;

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

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

— reappointment, remuneration and terms of engagement of the external Auditor;

— whether the audit services contract should be put out to tender;

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

— the independence and objectivity of the external Auditor and effectiveness of the external audit process;

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

— internal controls reports received from the Managers and Custodians;

— the terms of the Investment Management Agreement; and

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

Internal Audit

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

Financial Reporting

The Committee considers that the most significant issues likely to impact the Financial Statements are the existence and valuation of investments, as they represent 99.1% of total assets, and the accuracy and completeness of income from investments.

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

The value of all the listed investments as at 30 April 2020 were agreed to external price sources. The Committee considered the value of all unquoted investments at 30 April 2020, which are determined using valuation techniques based upon net asset values, comparable company multiples and performance, achievement of company milestones and other information as appropriate, and assessed the appropriateness of the judgements and assumptions used in valuing such investments. The Managers agreed the portfolio holdings to confirmations from the Company's Custodian.

The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding completeness and accurate recording of investment income. The accounting treatment of each special dividend received or receivable during the year was reviewed by the Managers.

The Committee considered the factors, including the impact of Covid-19, that might affect the Company's viability over a period of three years and its ability to continue as a going concern for at least twelve months from the date of signing of the Financial Statements, together with reports from the Managers on the cash position and cash flow projections of the Company, the liquidity of its investment portfolio, compliance with debt covenants, availability of borrowing facilities, and the Company's ability to meet its obligations as they fall due. The Committee also reviewed the Viability Statement on page 20 and statement on Going Concern on page 28 including the potential impact of Covid-19. Following this assessment, the Committee recommended to the Board the appropriateness of the Going Concern basis in preparing the Financial Statements and confirmed the accuracy of the Viability Statement and statement on Going Concern.

The Managers confirmed to the Committee that they were not aware of any material misstatements in the context of the Financial Statements as a whole and that the Financial Statements are in accordance with applicable law and accounting standards.

Internal Controls and Risk Management

The Committee reviewed the effectiveness of the Company's risk management and internal controls systems as described on pages 27 and 28. No significant weaknesses were identified in the year under review.

External Auditor

To fulfil its responsibility regarding the independence and objectivity of the external Auditor, the Committee reviewed the Auditor's audit plan, which includes a description of the Auditor's arrangements to manage independence, a report from the Auditor on the conclusion of the audit setting out why the Auditor remains independent and the extent and nature of non-audit services provided by the Auditor. Non-audit fees incurred by the Company for the year to 30 April 2020 amount to £1,000 and related to the certification of financial information to the debenture trustee. In prior years, Ernst & Young LLP also provided an iXBRL logging service to the Company, the engagement for which was with Baillie Gifford & Co and for which the Company was not recharged. Ernst & Young LLP have resigned from these services following the changes to the Ethical Standard with effect from 15 March 2020.

The Committee has reviewed and approved the non-audit services provided by the Auditor during the year and does not believe that they have impaired the Auditor's independence as the amount involved is immaterial.

To assess the effectiveness of the Auditor and the external audit process, the Committee reviewed and considered the audit plan, the fulfilment by the Auditor of the agreed audit plan, a report from the Auditor on the conclusion of the audit, feedback from the Secretaries on the performance of the audit team and the Audit Quality Inspection Report on Ernst & Young LLP issued by the FRC's Audit Quality Review Team (AQRT).

Following a competitive tender process, Ernst & Young LLP was appointed as the Company's Auditor at the Annual General Meeting held on 2 August 2017, with Caroline Mercer as the lead audit partner. The audit partners responsible for the audit are to be rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business.

Ernst & Young LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired. Having carried out the review described above, the Committee is satisfied that the Auditor remains independent and effective for the purposes of this year's audit and, as such, has not considered it necessary to put the audit services contract out to tender. In accordance with regulations in relation to the statutory audits of listed companies, the Company is required to put the audit out to tender for the 2028 year end.

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

Regulatory Compliance

The Committee confirms that the Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of policy on the provision of non-audit services.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are set out on pages 34 to 40.

On behalf of the Board
JJ Tigue
Chairman of the Audit Committee
16 June 2020

Directors' Remuneration Report

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

Statement by the Chairman

The Directors' Remuneration Policy is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. As the Remuneration Policy was last approved by shareholders in August 2017, shareholders' approval of the policy is being sought at the forthcoming Annual General Meeting. Your attention is drawn to Resolution 2 in the Notice of Annual General Meeting on page 56. The policy for which approval is being sought is set out below and is unchanged from that currently in force.

The Board reviewed the level of fees during the year and it was agreed that with effect from 1 May 2020 Directors' Fees should increase by £1,000 per annum and the increment for the Audit Chair by £500 per annum. The fee levels were last increased on 1 May 2018.

Directors' Remuneration Policy

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

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

Non-executive Directors are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. There is no notice period and no compensation is payable on loss of office.

Limits on Directors' Remuneration

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association, which is currently £300,000 in aggregate. Any change to this limit requires shareholder approval.

The fees paid to Directors in respect of the year ended 30 April 2020 and the expected fees payable in respect of the year ending 30 April 2021 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees.

	Expected fees for year ending 30 Apr 2021 £	Fees as at 30 Apr 2020 £
Chairman's fee	44,000	43,000
Non-executive Director fee	30,000	29,000
Additional fee for Chairman of the Audit Committee*	5,000	4,500

* The Audit Chair performs additional responsibilities as noted in the Audit Committee Report on pages 30 and 31.

Annual Report on Remuneration

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

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 35 to 40.

Directors' Remuneration for the Year (audited)

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

Name	2020 Fees £	2020 Taxable benefits † £	2020 Total £	2019 Fees £	2019 Taxable benefits † £	2019 Total £
JGD Ferguson	43,000	1,002	**44,002**	43,000	1,105	**44,105**
EM Harley	29,000	–	**29,000**	29,000	–	**29,000**
DCP McDougall#	10,001	252	**10,253**	29,000	1,053	**30,053**
BJ Richards	29,000	–	**29,000**	29,000	–	**29,000**
Professor Sir Nigel Shadbolt	29,000	–	**29,000**	29,000	–	**29,000**
KS Sternberg	29,000	–	**29,000**	29,000	–	**29,000**
JJ Tigue	33,500	–	**33,500**	33,500	–	**33,500**
	202,501	**1,254**	**203,755**	**221,500**	**2,158**	**223,658**

† Comprises expenses incurred by Directors in the course of travel to attend Board and Committee meetings held at the London offices of Baillie Gifford & Co Limited, the Company's Secretaries.

Retired following the AGM 3 September 2019.

Directors' Interests (audited)

The Directors during the year under review and their interests (including those of connected persons) in the Company are as shown in the following table. There have been no changes intimated in the Directors' interests up to 12 June 2020.

Name	Nature of interest	Ordinary 5p shares held at 30 April 2020	Ordinary 5p shares held at 30 April 2019
JGD Ferguson	Beneficial	10,000	10,000
JGD Ferguson	Non-beneficial	26,000	26,000
C Boyle	Beneficial	–	–
EM Harley	Beneficial	200,000	200,000
BJ Richards	Beneficial	9,840	7,581
Professor Sir Nigel Shadbolt	Beneficial	–	–
KS Sternberg	Beneficial	13,483	13,483
JJ Tigue	Beneficial	41,086	41,006

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 99.8% were in favour, 0.1% were against and votes withheld were 0.1%. At the last Annual General Meeting at which the Directors' Remuneration Policy was considered (August 2017) 96.5% of the proxy votes received were in favour, 1.3% were against and 2.2% were withheld.

Relative Importance of Spend on Pay

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

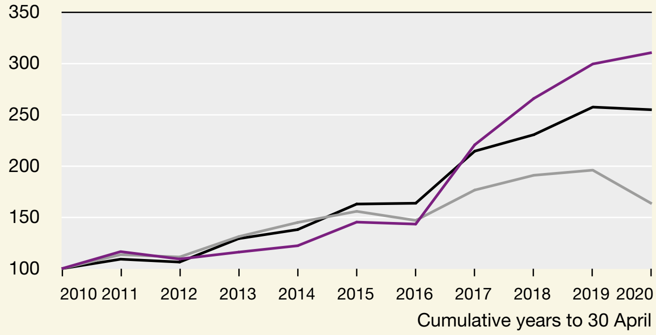
	2020 £'000	2019 £'000	Change %
Directors' remuneration	204	224	(8.9)
Dividends paid to shareholders	5,589	4,049	38.0

Company Performance

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

Performance Graph

(figures rebased to 100 at 30 April 2010)



Source: Refinitiv/Baillie Gifford and relevant underlying index providers#.

Monks share price

FTSE All-Share

FTSE World Index

Past performance is not a guide to future performance.

All figures are total returns (see Glossary of Terms and Alternative Performance Measures on pages 63 and 64).

See disclaimer on page 62.

Approval

The Directors' Remuneration Report on pages 32 and 33 was approved by the Board of Directors and signed on its behalf on 16 June 2020.

JGD Ferguson
Chairman

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

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, a Directors' Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

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

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

- the Financial Statements, which have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
JGD Ferguson
Chairman
16 June 2020

Notes

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

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

Independent Auditor's Report
To the Members of The Monks Investment Trust PLC

Opinion

We have audited the financial statements of The Monks Investment Trust PLC (the 'Company') for the year ended 30 April 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 19 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 19 in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 28 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 20 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of Our Audit Approach

Key audit matters	Risk of incomplete and/or inaccurate revenue recognition including classification of special dividends as revenue or capital items in the Income Statement Risk of incorrect valuation and/or defective title to the investment portfolio Impact of Covid-19
Materiality	Overall materiality of £19.64m which represents 1% of shareholders' funds

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete and/or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Income Statement (as described on page 30 in the Report of the Audit Committee and as per the accounting policy set out on page 45). The total income for the year to 30 April 2020 was £26.69m (2019 – £23.27m), consisting primarily of dividend income from the investment portfolio. The total amount of special dividends recognised by the Company was £3.2m, all of which was classified as revenue (2019 – £1.7m was classified as revenue and £0.8m as capital). The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. Incorrect classification of special dividends can have an impact on the Company's dividend distribution.	**We have performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding revenue recognition and the classification of special dividends by reviewing their audited controls report and/or performing our walkthrough procedures to evaluate the design and implementation of controls. We agreed a sample of dividends received from the income report to an independent data vendor. We recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share as agreed to an external source. We agreed a sample to bank statements and, where applicable, we also agreed the exchange rates to an external source. To test completeness of recorded income, we tested that a sample of expected dividends had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 30 April 2020. We agreed the dividend rate to dividend rates from an independent data vendor. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements, where paid. Recognising that a number of Companies have responded to the Covid-19 pandemic by cancelling their dividend payments, we traced a sample of the cash receipts of the accrued dividend income to post year end bank statements to ensure that the accrued dividends had subsequently been received. We performed a review of the income and acquisition and disposal reports produced by Baillie Gifford to identify all dividends received and accrued during the period that are above our testing threshold. We identified which of the dividends above our testing threshold were special dividends with reference to an external source. There were no special dividends above our testing threshold however for a sample of special dividends below our testing threshold, we recalculated and assessed the appropriateness of management's classification and agreed that the revenue treatment was appropriate. We recalculated and assessed the appropriateness of management's classification for a sample of special dividends which were below our testing threshold and agreed that the revenue treatment was appropriate.	**The results of our procedures are:** Based on our testing we are satisfied that income is complete, accurate and in the case of special dividends appropriately classified as revenue or capital.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation and/or defective title to the investment portfolio (as described on page 30 in the Report of the Audit Committee and as per the accounting policy set out on page 45). The valuation of the investment portfolio at 30 April 2020 was £2,088.83m (2019 – £1,979.78m) consisting primarily of quoted equities with an aggregate value of £2,067.84m (2019 – £1,959.32m) and unquoted equity investments with an aggregate value of £20.99m (2019 – £20.46m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to bid value or the last traded price depending on the convention of the exchange on which the investment is listed. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Baillie Gifford Investment Managers. The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unquoted investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements.	**We performed the following procedures:** We obtained an understanding of Baillie Gifford's processes and controls surrounding investment valuation and legal title, including an understanding of the operation of Baillie Gifford's Unlisted Valuation Securities Group and the Director's process for review of the unquoted valuations, by performing a walkthrough in which we evaluated the design and implementation of controls. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We assessed the liquidity of the investment portfolio through analysing the monthly average trading volume of the investments. We also reviewed the year end price exception reports to identify any prices that have not changed since the previous day and tested whether the listed price is a valid fair value. We received the valuation papers prepared by Baillie Gifford's Unlisted Valuation Securities Group for the final quarter of the year to review and challenged the significant assumptions and judgements made in the preparation of the unquoted valuations. For a sample of two out of three unquoted investments held as at the year end we utilised our specialist Valuations and Business Modelling team to review and challenge the valuations. This included: — Assessing whether the valuations have been performed in line with the IPEV guidelines; — Assessing the appropriateness of the data inputs and assumptions used to support the valuations; and — Assessing other facts and circumstances, such as market movement and comparative company information, that have an impact on the fair market value of the investments. For the remaining unquoted investment, we obtained and assessed the valuation papers produced for the Unlisted Valuation Securities Group to support the valuation of the investment as at 30 April 2020. We recalculated the unrealised gains/losses on unlisted investments as at the year end using the book cost reconciliation and reviewed the level 3 fair value hierarchy disclosure. There were no material purchases or sales of unlisted investments. We agreed the Company's investments to the independent confirmation received from the Company's Depositary and Custodian at 30 April 2020.	**The results of our procedures are:** Based on our testing we are satisfied that the investment portfolio valuation is not materially misstated and that the existence has been confirmed.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impact of Covid-19 (as described on page 19 in the Strategic Report, page 30 in the Audit Committee's Report and as per the accounting policy set out on page 45). The Covid-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets, but as of the date of our audit report, the longer term impact remains uncertain. This uncertainty had an impact on our risk assessment and, as a result, on our audit of the financial statements. The Covid-19 pandemic and resultant uncertainties had the most significant impact on our audit of the financial statements in the following areas: **Going concern** There is increased risk due to the degree of uncertainty in the assumptions underlying management's assessment of future prospects, including the impact of Covid-19, the ability to meet debt covenants and the ability to fund ongoing costs. **Revenue recognition** There is risk that revenue could be incorrectly stated due to dividends accrued at year end from underlying investments being subsequently cancelled or altered. **Financial statement disclosures** There is a risk that the impact of Covid-19 is not adequately disclosed in the financial statements.	**We performed the following procedures:** **Going concern:** We obtained and reviewed the Director's assessment of going concern which includes consideration of the impact of Covid-19 and challenged the assumptions made in the preparation of the revenue and expenses forecast. We reviewed the revenue forecast, which takes account of any impact Covid-19 may have on the Company and which supports the Directors' assessment of going concern, and challenged the assumptions made by the Manager in the preparation of the forecast. We assessed the liquidity of the portfolio as set out in our response to the risk on inappropriate valuation and/or defective title of the investment portfolio above. We also assessed the concentration risk of the investment portfolio. We reviewed the Board's assessment of the risk of breaching the debt covenants including in stressed scenarios. We recalculated the debt covenants which are set out in the loan agreement and which do not involve any subjectivity, to confirm there were no covenant breaches as at the year end. We confirmed through discussion with the Company Secretary and the Directors that they are in close contact with key service providers and that Business Continuity Plans are in place with no significant deterioration of service being experienced. **Revenue recognition** In response to a number of companies cancelling or altering their dividend payments due to Covid-19, we have performed our audit procedures on the recoverability of accrued dividend income up to the date of the approval of the Annual Report and Financial Statements, as set out in our response to the 'risk on incomplete and/or inaccurate revenue recognition.' **Financial statement disclosures** We reviewed the disclosures contained within the Financial Statements.	**The results of our procedures are:** Based on the procedures performed, we are satisfied that the Directors have appropriately considered the impact of Covid-19 on the going concern assessment, revenue recognition and that adequate disclosures have been presented in the financial statements.

We re-assessed the risks determined at the planning stage of the audit and, due to the uncertainty in global markets caused by the Covid-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of Covid-19'.

An Overview of the Scope of Our Audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £19.64m (2019 – £18.63m) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the users interests as it represents a key measurement of the Company's position.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £14.73m (2019 – £13.97m).

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.98m (2019: £ 0.93m) which is set as our reporting threshold, calculated as 5% of our planning materiality.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.98m (2019 – £0.93m) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the annual report, set out on pages 1 to 34 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

— **Fair, balanced and understandable set out on page 34** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

— **Audit Committee reporting set out on pages 30 and 31** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

— **Directors' statement of compliance with the UK Corporate Governance Code set out on page 26** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

— the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 34, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what Extent the Audit was Considered Capable of Detecting Irregularities, Including Fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

— We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.

— We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.

— We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends between revenue and capital and incorrect valuation and the resultant impact on the unrealised gains/(losses) of the unquoted investments. Further discussion of our approach is set out in the section on key audit matters above.

— Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's Report.

Other matters we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Company at its annual general meeting on 2 August 2017 to audit the financial statements for the year ending 30 April 2018 and subsequent financial periods.

The period of total uninterrupted engagements including previous renewals and reappointments is three years, covering the years ending 30 April 2018 to 30 April 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

The audit opinion is consistent with the additional report to the audit committee.

Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
16 June 2020

Income Statement

For the year ended 30 April

	Notes	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Gains on investments	9	–	50,247	**50,247**	–	194,084	**194,084**
Currency losses	14	–	(1,277)	**(1,277)**	–	(4,049)	**(4,049)**
Income	2	26,691	–	**26,691**	23,268	–	**23,268**
Investment management fee	3	(7,644)	–	**(7,644)**	(6,992)	–	**(6,992)**
Other administrative expenses	4	(1,677)	–	**(1,677)**	(1,673)	–	**(1,673)**
Net return before finance costs and taxation		17,370	48,970	**66,340**	14,603	190,035	**204,638**
Finance costs of borrowings	5	(6,046)	–	**(6,046)**	(5,518)	–	**(5,518)**
Net return on ordinary activities before taxation		11,324	48,970	**60,294**	9,085	190,035	**199,120**
Tax on ordinary activities	6	(2,005)	–	**(2,005)**	(1,899)	–	**(1,899)**
Net return on ordinary activities after taxation		**9,319**	**48,970**	**58,289**	**7,186**	**190,035**	**197,221**
Net return per ordinary share	7	**4.24p**	**22.26p**	**26.50p**	**3.30p**	**87.23p**	**90.53p**
Note: Dividends per share paid and payable in respect of the year	8	**2.50p**			**1.85p**		

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 accompanying notes on pages 45 to 55 are an integral part of the Financial Statements.

Balance Sheet

As at 30 April

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		2,088,827		1,979,780
Current assets					
Debtors	10	7,566		7,617	
Cash and cash equivalents	19	19,537		25,919	
		27,103		33,536	
Creditors					
Amounts falling due within one year	11	(112,398)		(110,626)	
Net current liabilities			(85,295)		(77,090)
Total assets less current liabilities			2,003,532		1,902,690
Creditors					
Amounts falling due after more than one year	12		(39,908)		(39,875)
			1,963,624		**1,862,815**
Capital and reserves					
Share capital	13		11,178		10,930
Share premium account	14		94,328		48,007
Capital redemption reserve	14		8,700		8,700
Capital reserve	14		1,788,556		1,739,586
Revenue reserve	14		60,862		55,592
Shareholders' funds	15		**1,963,624**		**1,862,815**
Shareholders' funds per ordinary share (borrowings at book value)	15		**878.4p**		**852.2p**
Net asset value per ordinary share* (borrowings at par)			**878.3p**		**852.1p**
Net asset value per ordinary share* (borrowings at fair value)			**875.6p**		**848.9p**

The Financial Statements of The Monks Investment Trust PLC (Company registration number 236964) on pages 41 to 55 were approved and authorised for issue by the Board and were signed on 16 June 2020.

JGD Ferguson
Chairman

The accompanying notes on pages 45 to 55 are an integral part of the Financial Statements.

* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 63 and 64.

Statement of Changes in Equity

For the year ended 30 April 2020

	Notes	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	13	248	46,321	–	–	–	**46,569**
Dividends paid during the year	8	–	–	–	–	(4,049)	**(4,049)**
Shareholders' funds at 30 April 2020		**11,178**	**94,328**	**8,700**	**1,788,556**	**60,862**	**1,963,624**

For the year ended 30 April 2019

	Notes	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 2018		10,857	35,973	8,700	1,549,551	51,453	**1,656,534**
Net return on ordinary activities after taxation		–	–	–	190,035	7,186	**197,221**
Ordinary shares issued	13	73	12,034	–	–	–	**12,107**
Dividends paid during the year	8	–	–	–	–	(3,047)	**(3,047)**
Shareholders' funds at 30 April 2019		**10,930**	**48,007**	**8,700**	**1,739,586**	**55,592**	**1,862,815**

The accompanying notes on pages 45 to 55 are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 30 April

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Cash flows from operating activities					
Net return on ordinary activities before taxation			60,294		199,120
Net gains on investments			(50,247)		(194,084)
Currency losses			1,277		4,049
Finance costs of borrowings			6,046		5,518
Overseas tax incurred			(1,997)		(1,905)
Changes in debtors and creditors			(148)		40
Cash from operations*			15,225		12,738
Interest paid			(6,154)		(5,372)
Net cash inflow from operating activities			9,071		7,366
Cash flows from investing activities					
Acquisitions of investments		(353,934)		(320,097)	
Disposals of investments		293,267		273,472	
Net cash outflow from investing activities			(60,667)		(46,625)
Cash flows from financing activities					
Equity dividends paid	8	(4,049)		(3,047)	
Ordinary shares issued		45,973		13,177	
Borrowings drawn down		1,065		32,133	
Net cash inflow from financing activities			42,989		42,263
(Decrease)/increase in cash and cash equivalents			(8,607)		3,004
Exchange movements			2,225		(59)
Cash and cash equivalents at 1 May			25,919		22,974
Cash and cash equivalents at 30 April			**19,537**		**25,919**

* Cash from operations includes dividends received of £26,536,000 (2019 – £23,153,000) and interest received of £306,000 (2019 – £196,000).

The accompanying notes on pages 45 to 55 are an integral part of the Financial Statements.

Notes to the Financial Statements

The Monks Investment Trust PLC ('the Company') is a public company limited by shares and is incorporated in England and Wales. The Company is an investment company within the meaning of section 833 of the Companies Act 2006 and carries on business as an investment trust.

1 Principal Accounting Policies

The Financial Statements for the year to 30 April 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out below which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments at fair value through profit or loss, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus (Covid-19) outbreak but does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) Regulations 2011. The Company's primary third party suppliers, including its Managers and Secretaries, Custodian and Depositary, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on the going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 20, which assesses the prospects of the Company over a period of three years, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (AIC) in October 2019.

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

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK, the Company is subject to the UK's regulatory environment and it is the currency in which its dividends and expenses are generally paid.

(b) Financial Instruments

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

(c) Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the assumptions used in the determination of the fair value of the unlisted investments, which are detailed in note 9 on page 49.

(d) Investments

The Company's investments are classified, recognised and measured at fair value through profit and loss in accordance with sections 11 and 12 of FRS 102. Investment purchases and sales are recognised on a trade date basis. Investments are initially measured at fair value, which is taken to be their cost excluding expenses incidental to purchases which are expensed to capital on acquisition. Gains and losses on investments, including those arising from foreign currency exchange differences and expenses incidental to the purchase and sale of investments, are recognised in the Income Statement as capital items.

The fair value of listed investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed.

Unlisted investments are valued at fair value following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (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.

(e) Cash and Cash Equivalents

Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(f) Income

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

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

(ii) Interest from fixed interest securities is recognised on an effective yield basis.

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

(iv) Interest receivable on deposits is recognised on an accruals basis.

(g) Expenses

All expenses are accounted for on an accruals basis and are charged to the revenue account except where: (i) they relate to expenses incidental to the purchase or sale of investments (transaction costs) which are charged to capital. Transaction costs are detailed in note 9 on page 49; and (ii) they relate directly to the buy-back/issuance of shares, in which case they are added to the buy-back cost or deducted from the share issuance proceeds.

(h) Borrowings and Finance Costs
Borrowings, which comprise interest bearing bank loans and debentures are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are allocated to revenue in the Income Statement.

(i) Taxation
The taxation charge represents the sum of current tax and the movement in the provision for deferred taxation during the year. Current taxation represents non-recoverable overseas taxes which is charged to the revenue accounts where it relates to income received and to capital where it relates to items of a capital nature. Deferred taxation is provided on all timing differences which have originated but not reversed by the Balance Sheet date, calculated on a non-discounted basis at the tax rates expected to apply when the timing differences reverse, based on what has been enacted or substantively enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(j) Dividend Distributions
Where relevant, interim dividends are recognised in the period in which they are paid. Final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

(k) Foreign Currencies
Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets and liabilities and fixed asset investment in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as capital or revenue as appropriate.

(l) Capital Reserve
Gains and losses on realisation of investments, changes in the fair value of investments held and exchange differences of a capital nature are dealt with in this reserve. Purchases of the Company's own shares for cancellation are also funded from this reserve. The nominal value of such shares is transferred from share capital to the capital redemption reserve.

(m) Single Segment Reporting
The Company is engaged in a single segment of business, being that of an investment trust company, consequently no business segmental analysis is provided.

2 Income

	2020 £'000	2019 £'000
Income from investments		
UK dividends	4,121	3,699
Overseas dividends	22,264	19,373
Other Income	26,385	23,072
Deposit Interest	306	196
Total Income	**26,691**	**23,268**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	26,385	23,072
Interest from financial assets not at fair value through profit or loss	306	196
	26,691	**23,268**

3 Investment Management Fee

	2020 £'000	2019 £'000
Investment management fee	**7,644**	**6,992**

Details of the Investment Management Agreement are disclosed on page 23. 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 holding 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 Other Administrative Expenses

	2020 £'000	2019 £'000
General administrative expenses	1,438	1,429
Directors' fees (see Directors' Remuneration Report on page 32)	203	222
Auditor's remuneration – statutory audit of annual Financial Statements	35	21
Auditor's non-audit remuneration – non-audit services (see page 30)	1	1
	1,677	**1,673**

5 Finance Costs of Borrowings

	2020 £'000	2019 £'000
Bank loans	3,463	2,935
Debenture stocks	2,583	2,583
	6,046	**5,518**

6 Tax on Ordinary Activities

	2020 £'000	2019 £'000
Analysis of charge in year		
Overseas tax	**2,005**	**1,899**
Factors affecting tax charge for the year		
The tax assessed for the year is lower (2019 – lower) than the average standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:		
Net return on ordinary activities before taxation	60,294	199,120
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 19% (2019 – 19%)	11,456	37,833
Capital returns not taxable	(9,304)	(36,107)
Income not taxable	(4,629)	(4,020)
Taxable expenses in the year not utilised	2,477	2,294
Overseas tax	2,005	1,899
Tax charge for the year	**2,005**	**1,899**

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

Factors that may affect future tax charges

At 30 April 2020 the Company had a potential deferred tax asset of £17,350,000 (2019 – £13,267,000) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 19% (2019 – 17%). Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Net Return per Ordinary Share

	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
Net return per ordinary share	**4.24p**	**22.26p**	**26.50p**	**3.30p**	**87.23p**	**90.53p**

Revenue return per ordinary share is based on the net revenue return on ordinary activities after taxation of £9,319,000 (2019 – £7,186,000) and on 219,986,605 (2019 – 217,844,955) 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 £48,970,000 (2019 – gain of £190,035,000) and on 219,986,605 (2019 – 217,844,955) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

8 Ordinary Dividends

	2020	2019	2020 £'000	2019 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 6 September 2019)	1.85p	1.40p	4,049	3,047

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 £9,319,000 (2019 – £7,186,000).

	2020	2019	2020 £'000	2019 £'000
Amounts paid and payable in respect of the financial year:				
Proposed final (payable 4 September 2020)	2.50p	1.85p	5,589	4,049

9 Investments

Investments in securities are financial assets held at fair value through profit or loss. In accordance with Financial Reporting Standard 102, the tables below provide an analysis of these investments based on the fair value hierarchy described on page 49, which reflects the reliability and significance of the information used to measure their fair value. During the year, a listed equity investment with a fair value at the previous year end of £41,002,000 was transferred from Level 1 to Level 2 as, although it is listed on the London Stock Exchange, it has not been traded frequently during the period.

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**

As at 30 April 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	1,959,319	–	–	**1,959,319**
Unlisted equities	–	–	20,461	**20,461**
Total financial asset investments	**1,959,319**	**–**	**20,461**	**1,979,780**

9 Investments (continued)

Fair Value Hierarchy

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

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

The Company's unlisted investments at 30 April 2020 were valued using a variety of techniques. These include using comparable company multiples, net asset values, assessment of comparable company performance and assessment of milestone achievement at the investee companies. The determinations of fair value included assumptions that the trading multiples and comparable companies chosen for the multiples approach provide a reasonable basis for the determination of fair value. Valuations are cross-checked for reasonableness to alternative multiples-based approaches or benchmark index movements as appropriate. In some cases the latest dealing price is considered to be the most appropriate valuation basis, but only following assessment using the techniques described above.

	2020 £'000	2019 £'000
Cost of investments at start of year	1,326,374	1,162,966
Investment holding gains at start of year	653,406	567,547
Value of investments at start of year	**1,979,780**	**1,730,513**
Movements in year:		
Purchases at cost	351,191	328,222
Sales – proceeds	(292,391)	(273,039)
– realised gains on sales	59,956	108,225
Changes in investment holding gains	(9,709)	85,859
Value of investments at end of year	**2,088,827**	**1,979,780**
Cost of investments at end of year	1,445,130	1,326,374
Investment holding gains at end of year	643,697	653,406
Value of investments at end of year	**2,088,827**	**1,979,780**

The purchases and sales proceeds figures above include transaction costs of £338,000 (2019 – £488,000) and £145,000 (2019 – £293,000) respectively. The Company received £292,391,000 (2019 – £273,039,000) from investments sold during the year. The book cost of these investments when they were purchased was £232,435,000 (2019 – £164,814,000). These investments have been revalued over time and, until they were sold, any unrealised gains/losses were included in the fair value of the investments. Of the realised gains on sales of investments during the year of £59,956,000 (2019 – £108,225,000), a net gain of £72,420,000 (2019 – gain of £87,068,000) was included in investment holding gains at the previous year end.

	2020 £'000	2019 £'000
Gains on investments:		
Realised gains on sales	59,956	108,225
Changes in investment holding gains	(9,709)	85,859
	50,247	**194,084**

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

	2020 Shares held	2020 Value £'000	2020 % of Shares held	2019 Shares held	2019 Value £'000	2019 % of Shares held
Silk Invest Africa Food Fund	10,000	3,037	46.3	10,000	4,137	46.3

10 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Accrued income	3,204	3,364
Investment sales awaiting settlement	1,600	2,476
Share issuance proceeds awaiting settlement	1,484	888
Overseas taxation recoverable	1,155	811
Other debtors and prepaid expenses	123	78
	7,566	**7,617**

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

11 Creditors – Amounts falling due within one year

	2020 £'000	2019 £'000
National Australia Bank Limited loan	98,854	99,287
Scotiabank (Ireland) loan	5,000	–
Investment purchases awaiting settlement	5,890	8,633
Corporation tax	45	45
Other creditors and accruals	2,609	2,661
	112,398	**110,626**

None of the above creditors are financial liabilities held at fair value through profit or loss. Included in other creditors is £1,901,000 (2019 – £1,827,000) in respect of the investment management fee.

Borrowing facilities

At 30 April 2020 the Company had a 5 year £100 million unsecured floating rate revolving facility with National Australia Bank Limited, which expires on 30 November 2020, and a 4 year £5 million unsecured floating rate revolving facility with Scotiabank (Ireland), with the ability to increase it to £50 million, which expires on 13 March 2022.

At 30 April 2020 drawings were as follows:

— National Australia Bank Limited: US$124.7 million at an interest rate of 2.309% (2019 – US$99 million at an interest rate of 3.80088% and US$30.4 million at an interest rate of 3.83038%) maturing in July 2020.

— Scotiabank (Ireland): £5 million at an interest rate of 1.72775% (2019 – nil), maturing in June 2020.

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.

12 Creditors – Amounts falling due after more than one year

	Repayment date	Nominal rate	Effective rate	2020 £'000	2019 £'000
£40 million 6⅜% debenture stock 2023	1/3/2023	6.375%	6.5%	39,908	39,875

Debenture stock

The debenture stock is stated at amortised cost (see note 1(h) on page 46); the cumulative effect is to decrease the carrying amount of borrowings by £92,000 (2019 – £125,000). The debenture stock is secured by a floating charge over the assets of the Company. Under the terms of the Debenture Agreement, total borrowings should not exceed net assets and the Company cannot undertake share buy-backs if this would result in total borrowings exceeding 66.67%.

13 Share Capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called up and fully paid ordinary shares of 5p each	**223,553,859**	**11,178**	**218,593,859**	**10,930**

In the year to 30 April 2020, the Company issued 4,960,000 ordinary shares (nominal value of £248,000) at a premium to net asset value, raising net proceeds of £46,569,000 (2019 – £12,107,000). No shares were bought back during the year and no shares are held in treasury. At 30 April 2020 the Company had authority to buy back 32,786,706 ordinary shares and to allot or sell from treasury 17,192,385 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.

14 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 May 2019	10,930	48,007	8,700	1,739,586	55,592	**1,862,815**
Gains on investments	–	–	–	50,247	–	**50,247**
Exchange differences on bank loans	–	–	–	(3,502)	–	**(3,502)**
Other exchange differences	–	–	–	2,225	–	**2,225**
Revenue return on ordinary activities after taxation	–	–	–	–	9,319	**9,319**
Ordinary shares issued	248	46,321	–	–	–	**46,569**
Dividends paid in the year	–	–	–	–	(4,049)	**(4,049)**
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 2020 includes investment holding gains on investments of £643,697,000 (2019 – gains of £653,406,000) as detailed in note 9 on page 49. The revenue reserve is distributable by way of dividend. The Company's Articles of Association prohibit distributions by way of dividend from realised capital profits.

15 Shareholders' Funds Per Ordinary Share

	2020	2019
Shareholders' funds	£1,963,624,000	£1,862,815,000
Number of ordinary shares in issue at the year end	223,553,859	218,593,859
Shareholders' funds per ordinary share	878.4p	852.2p

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 on the Balance Sheet on page 42 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 on pages 63 and 64.

16 Analysis of Change in Net Debt

	At 1 May 2019 £'000	Cash flows £'000	Other non-cash changes £'000	Exchange movement £'000	At 30 April 2020 £'000
Cash at bank and in hand	25,919	(8,607)	–	2,225	19,537
Loans due within one year	(99,287)	(1,065)		(3,502)	(103,854)
Debenture stocks	(39,875)	–	(33)	–	(39,908)
	(113,243)	**(9,672)**	**(33)**	**(1,277)**	**(124,225)**

17 Contingent Liabilities, Guarantees and Financial Commitments

At 30 April 2020 and 30 April 2019 the Company had no contingent liabilities, guarantees or financial commitments.

18 Transactions with Related Parties and the Managers and Secretaries

The Directors' fees and shareholdings are detailed in the Directors' Remuneration Report on pages 32 and 33. 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.

Baillie Gifford & Co Limited has been appointed as the Company's Alternative Investment Fund Manager ('AIFM') and Company Secretaries. Details of the terms of the Investment Management Agreement are set out on page 23 and details of the fees during the year and the balances outstanding at the year end are shown in notes 3 and 11 respectively.

19 Financial Instruments

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

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

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

Market Risk

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

Details of the Company's investment portfolio are shown in note 9.

Currency Risk

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

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

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

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

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

At 30 April 2020	Investments £'000	Cash and cash equivalents £'000	Loans and debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	1,258,762	7,633	(98,854)	491	**1,168,032**
Euro	142,611	439	–	1,155	**144,205**
Japanese yen	207,850	–	–	1,640	**209,490**
Other overseas currencies	349,098	7,836	–	(4,656)	**352,278**
Total exposure to currency risk	1,958,321	15,908	(98,854)	(1,370)	**1,874,005**
Sterling	130,506	3,629	(44,908)	392	**89,619**
	2,088,827	**19,537**	**(143,762)**	**(978)**	**1,963,624**

* Includes non-monetary assets of £59,000.

19 Financial Instruments (continued)

Currency Risk (continued)

At 30 April 2019	Investments £'000	Cash and cash equivalents £'000	Loans and debentures £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	1,165,217	19,222	(99,287)	(5,855)	**1,079,297**
Euro	150,044	385	–	490	**150,919**
Japanese yen	139,926	–	–	1,299	**141,225**
Other overseas currencies	374,290	2,978	–	818	**378,086**
Total exposure to currency risk	1,829,477	22,585	(99,287)	(3,248)	**1,749,527**
Sterling	150,303	3,334	(39,875)	(474)	**113,288**
	1,979,780	**25,919**	**(139,162)**	**(3,722)**	**1,862,815**

* Includes non-monetary assets of £29,000.

Currency Risk Sensitivity

At 30 April 2020, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis is performed on the same basis for 2019.

	2020 £'000	2019 £'000
US dollar	58,402	53,965
Euro	7,210	7,546
Japanese yen	10,475	7,061
Other overseas currencies	17,614	18,904
	93,701	**87,476**

Interest Rate Risk

Interest rate movements may affect directly:

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

— the level of income receivable on cash deposits;

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

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

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

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

Financial Assets

The Company's interest rate risk exposure on its financial assets at 30 April 2020 amounted to £19,537,000 (2019 – £25,919,000), comprising its cash and short term deposits.

The cash deposits generally comprise call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

19 Financial Instruments (continued)

Financial Liabilities

The interest rate risk profile of the Company's bank loans and debentures (at amortised cost) and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 April are shown below.

Interest Rate Risk Profile

	2020 £'000	2019 £'000
Floating rate – US dollar	98,854	99,287
Floating rate – sterling	5,000	–
Fixed rate – sterling	39,908	39,875
	143,762	**139,162**

Maturity Profile

	2020 Within 1 year £'000	2020 Between 1 and 5 years £'000	2020 More than 5 years £'000	2019 Within 1 year £'000	2019 Between 1 and 5 years £'000	2019 More than 5 years £'000
Repayment of loans and debentures	103,854	40,000	–	99,287	40,000	–
Interest on loans and debentures	3,155	5,100	–	3,586	7,650	–
	107,009	**45,100**	**–**	**102,873**	**47,650**	**–**

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond yields applied to the Company's financial liabilities as at 30 April 2020 would have had no effect on total net assets and total return on ordinary activities (2019 – nil) and would have increased the net asset value per share (with borrowings at fair value) by 0.5p (2019 – 0.7p). A decrease of 100 basis points would have had no effect on total net assets and total return on ordinary activities (2019 – nil) and would have decreased net asset value per share (with borrowings at fair value) by 0.5p (2019 – 0.7p).

Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objective and investment policy.

Other Price Risk Sensitivity

A full list of the Company's investments is shown on pages 12 to 14. In addition, various analyses of the portfolio by growth category, thematic risk category, geography and broad industrial or commercial sector are contained in the Strategic Report. 105.3% of the Company's net assets are invested in quoted equities (2019 – 105.2%). A 10% increase in quoted equity valuations at 30 April 2020 would have increased total assets and total return on ordinary activities by £206,874,000 (2019 – £195,932,000). A decrease of 10% would have had an equal but opposite effect.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board also sets parameters for the degree to which the Company's net assets are invested in quoted equities. The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's current borrowing facilities are detailed in notes 11 and 12 and the maturity profile of its borrowings is set out above.

Credit Risk

This is the risk that a failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss. This risk is managed as follows:

— where the investment managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question;

— the Depositary is liable for the loss of financial instruments held in custody. The Depositary will ensure that any delegate segregates the assets of the Company. The Managers monitor the Company's risk by reviewing the Depositary's internal control reports and reporting their findings to the Board;

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

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

19 Financial Instruments (continued)

Credit Risk Exposure

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

	2020 £'000	2019 £'000
Cash and cash equivalents	19,537	25,919
Debtors and prepayments*	7,566	7,617
	27,103	**33,536**

* Includes non-monetary assets of £59,000 (2019 – £29,000).

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

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that there is no difference between the amounts at which the financial assets and liabilities of the Company are carried in the Balance Sheet and their fair values, with the exception of long term borrowings. The fair values of the Company's borrowings are shown below. The fair value of the 6⅜% debenture stock 2023 is based on the closing market offer price on the London Stock Exchange.

	2020 Par value £'000	2020 Book value £'000	2020 Fair value £'000	2019 Par value £'000	2019 Book value £'000	2019 Fair value £'000
Bank loans due within one year	103,854	103,854	103,854	99,287	99,287	99,287
6⅜% debenture stock 2023	40,000	39,908	46,000	40,000	39,875	47,000
	143,854	**143,762**	**149,854**	**139,287**	**139,162**	**146,287**

20 Capital Management

The capital of the Company is its share capital and reserves as set out in note 14 together with its borrowings (see notes 11 and 12).

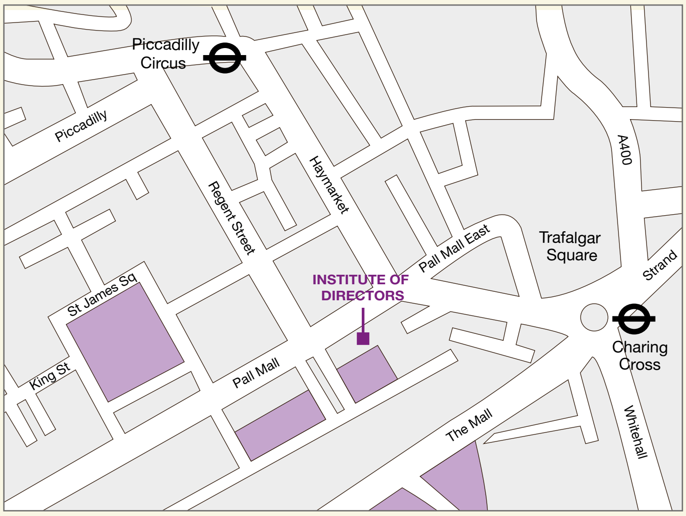
The objective of the Company is to invest globally to achieve capital growth, which takes priority over income and dividends.

The Company's investment policy is set out on page 18. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on pages 19, 20, 27 and 28.

The Company has the ability to issue and buy back its shares (see page 24) and any changes to the share capital during the year are set out in note 13.

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

Notice of Annual General Meeting



The Annual General Meeting of the Company will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 1 September 2020, at 11.00 am.

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

Baillie Gifford may record your call.

Notice is hereby given that the ninety-first Annual General Meeting of The Monks Investment Trust PLC will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday, 1 September 2020, at 11.00 am for the following purposes:

Ordinary Business

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

1. To receive and adopt the Financial Statements of the Company for the year ended 30 April 2020 with the Reports of the Directors and of the Independent Auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2020.
4. To declare a final dividend of 2.5p per ordinary share.
5. To re-elect Mr EM Harley as a Director.
6. To re-elect Mr KS Sternberg as a Director.
7. To re-elect Mr JJ Tigue as a Director.
8. To re-elect Ms BJ Richards as a Director.
9. To re-elect Professor Sir Nigel Shadbolt as a Director.
10. To elect Ms C Boyle as a Director.
11. To reappoint Ernst & Young LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which the Financial Statements are laid before the Company.
12. To authorise the Directors to determine the remuneration of the Independent Auditor.
13. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £1,119,394.25 (representing 10% of the Company's total issued share capital as at 12 June 2020), such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass resolutions 14 and 15 as special resolutions:

14. That, subject to the passing of resolution 13 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash either pursuant to the authority given by resolution 12 above or by way of the sale of treasury shares wholly for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
    (b) shall be limited to the allotment of equity securities or the sale of treasury shares up to an aggregate nominal value of £1,119,394.25, being approximately 10% of the nominal value of the issued share capital of the Company as at 12 June 2020.

15. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the 'Act'), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 5p each in the capital of the Company ('Shares'), (either for retention as treasury shares for future reissue, resale, transfer or for cancellation) provided that:

    (a) the maximum aggregate number of Shares hereby authorised to be purchased is 33,559,440, or, if less, the number representing approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;

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

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the higher of: (i) 5 per cent above the average closing price on the London Stock Exchange of a Share over the five business days immediately preceding the date of purchase; and (ii) the higher of the price of the last independent trade of, and the highest current independent bid for, a Share on the London Stock Exchange as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No. 2273/2003); and

    (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in respect of the year ending 30 April 2021, save that the Company may, prior to such expiry, enter into a contract to purchase Shares under such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

By order of the Board
Baillie Gifford & Co Limited
Company Secretary
14 July 2020

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Financial Statements and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or **www.eproxyappointment.com** no later than two days (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website **www.euroclear.com/CREST**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than two days (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
5. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or

sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than the close of business two days (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by shareholders of the Company.
11. Under section 338 of the Companies Act 2006, members meeting the qualification criteria set out in note 14 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; and (c) the request: (i) may be in hard copy form or in electronic form; (ii) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company not later than Monday 20 July 2020.
12. Under section 338A of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to include in the business to be dealt with at the Annual General Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The request must have been received by the Company not later than Monday 20 July 2020. The conditions are that the matter of business must not be defamatory of any person, frivolous or vexatious. The request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported. The request must be accompanied by a statement setting out the grounds for the request. Members seeking to do this should write to the Company providing their full name and address.
13. Under section 527 of the Companies Act 2006, members meeting the qualification criteria set out at note 14 below may require the Company to publish, on its website, (without payment) a statement (which is also passed to the Auditor) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditor's Report and the conduct of the audit. Such requests must be made in writing and must state your full name and address.
14. In order to be able to exercise the members' rights in notes 11 to 13, the relevant request must be made by: (a) members representing at least 5% of the total voting rights of all the members who have a right to vote on the resolution to which the requests relate; or (b) at least 100 members who have a right to vote on the resolution to which the requests relate and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100. Such requests should be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN. Electronic requests permitted under section 338 (see note 11) should be sent to **trustenquiries@bailliegifford.com**.
15. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at **www.monksinvestmenttrust.co.uk**.
16. Members have the right to ask questions at the meeting in accordance with section 319A of the Companies Act 2006.
17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
18. As at 12 June 2020 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 223,878,859 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 June 2020 were 223,878,859 votes.
19. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
20. No Director has a contract of service with the Company.

Further Shareholder Information

Company History

Monks was incorporated in 1929 and was one of three trusts founded in the late 1920s by a group of investors headed by Sir Auckland (later Lord) Geddes. The other two trusts were The Friars Investment Trust and The Abbots Investment Trust. The company secretary's office was at 13/14 Austin Friars in the City of London, hence the names.

In 1931, Baillie Gifford & Co took over the management of all three trusts and Monks became a founder member of the Association of Investment Trusts in 1932.

In 1968, under a Scheme of Arrangement, the three trusts were merged with Monks acquiring the ordinary share capital of Friars and Abbots.

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

— participation in a diversified portfolio of shares;

— constant supervision by experienced professional managers; and

— the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Monks, you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting **www.monksinvestmenttrust.co.uk**.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Company's website at **www.monksinvestmenttrust.co.uk** and on other financial websites. Company factsheets are also available on the Company's website and are updated monthly. These are available from Baillie Gifford on request.

Monks Share Identifiers

ISIN GB0030517261

Sedol 3051726

Ticker MNKS

Legal Entity Identifier 213800MRI1JTUKG5AF64

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times under 'Investment Companies'.

Key Dates

The Interim Report is issued in December and the Annual Report is normally issued in June. The 2020 AGM is being held at the start of September. Dividends will be paid by way of a single final payment shortly after the Company's AGM.

Capital Gains Tax

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

Analysis of Shareholders at 30 April

Name	2020 Number	2020 %	2019 Number	2019 %
Institutions	37,673,933	16.9	37,931,202	17.4
Intermediaries	172,326,985	77.1	142,979,984	65.4
Individuals	13,068,090	5.8	14,221,788	6.5
Baillie Gifford Share Plans/ISA	–	–	23,238,016	10.6
Marketmakers	484,851	0.2	222,869	0.1
	223,553,859	**100.0**	**218,593,859**	**100.0**

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1170. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

— hear the latest share price;

— confirm your current share holding balance;

— confirm your payment history; and

— order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

You can also check your holding on the Registrars' website at **www.investorcentre.co.uk**. They also offer a free, secure share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

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

— update bank mandates and change address details; and

— use online dealing services.

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

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log on to **www.investorcentre.co.uk** and follow the instructions or telephone 0370 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at **www.eproxyappointment.com**.

If you have any questions about this service please contact Computershare on 0370 707 1170.

CREST Proxy Voting

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

Automatic Exchange of Information

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

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

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **https://www.gov.uk/government/publications/exchange-of-information-account-holders**.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Baillie Gifford & Co Limited, is required to be made available to investors. In accordance with the Directive, the AIFM remuneration policy is available at **www.bailliegifford.com** or on request (see contact details on the back cover). The numerical remuneration disclosures in respect of the AIFM's relevant reporting period (year ended 31 March 2020) are also available at **www.bailliegifford.com**.

The Company's maximum and actual leverage levels (see Glossary of Terms and Alternative Performance Measures on pages 63 and 64) at 30 April 2020 are as follows:

Leverage

	Gross method	Commitment method
Maximum limit	2.50:1	2.00:1
Actual	1.07:1	1.07:1

Risks

Past performance is not a guide to future performance.

Monks is a listed UK company on the London Stock Exchange. 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.

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

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

The Company's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

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

Monks has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

Monks can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

Monks can make use of derivatives which may impact on its performance. Currently, the Company does not make use of derivatives.

As the aim of Monks is to achieve capital growth you should not expect a significant, or steady, annual income from the Company.

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

Monks is listed on the London Stock Exchange and as such complies with the requirements of the UK Listing Authority. It is not authorised or regulated by the Financial Conduct Authority.

Further details of the risks associated with investing in the Company, including a Key Information Document and how charges are applied, can be found at **www.monksinvestmenttrust.co.uk**, or by calling Baillie Gifford on 0800 917 2112. This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

The Financial Statements have been approved by the Directors of The Monks Investment Trust PLC. The information and opinions expressed in this document are subject to change without notice. The staff of Baillie Gifford and Monks Directors may hold shares in Monks and may buy or sell such shares from time to time.

Communicating with Shareholders

Monks on the Web

Up-to-date information about Monks can be found on the Company's page of the Managers' website at **www.monksinvestmenttrust.co.uk**. You will find full details on Monks, including recent portfolio information and performance figures.

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published twice a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Monks. *Trust* plays an important role in helping to explain our products so that readers can really understand them.

You can subscribe to *Trust* magazine or view a digital copy at **www.bailliegifford.com/trust**.

Suggestions and Questions

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

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email, fax or post. See contact details in the 'Further Information' box on the back cover.

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice please ask an authorised intermediary.

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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.

	2020 £'000	2020 per share	2019 £'000	2019 per share
Shareholders' funds (borrowings at book value)	1,963,624	878.4p	1,862,815	852.2p
Add: book value of borrowings	143,762	64.3p	139,162	63.6p
Less: par value of borrowings	(143,854)	(64.4p)	(139,287)	(63.7p)
Net asset value (borrowings at par value)	**1,963,532**	**878.3p**	**1,862,690**	**852.1p**

The per share figures above are based on 223,553,859 (2019 – 218,593,859) 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 6⅜% 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.

	2020 £'000	2020 per share	2019 £'000	2019 per share
Shareholders' funds (borrowings at book value)	1,963,624	878.4p	1,862,815	852.2p
Add: book value of borrowings	143,762	64.3p	139,162	63.6p
Less: fair value of borrowings	(149,854)	(67.1p)	(146,287)	(66.9p)
Net asset value (borrowings at fair value)	**1,957,532**	**875.6p**	**1,855,690**	**848.9p**

The per share figures above are based on 223,553,859 (2019 – 218,593,859) 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).

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.

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.

		2020 NAV (par)	2020 NAV (fair)	2020 Share Price	2019 NAV (par)	2019 NAV (fair)	2019 Share Price
Closing NAV per share/share price	a	878.3p	875.6p	914.0p	852.1p	848.9p	883.0p
Dividend adjustment factor*	b	1.0020	1.0020	1.0019	1.0017	1.0017	1.0016
Adjusted closing NAV per share/share price	c = a x b	880.0p	877.4p	915.8p	853.5p	850.3p	884.4p
Opening NAV per share/share price	d	852.1p	848.9p	883.0p	762.8p	759.0p	785.0p
Total return	(c ÷ d)-1	**3.3%**	**3.4%**	**3.7%**	**11.9%**	**12.0%**	**12.7%**

* The dividend adjustment factor is calculated on the assumption that the dividend of 1.85p (2019 – 1.40p) 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.

		2020	2019
Investment management fee		£7,644,000	£6,992,000
Other administrative expenses		£1,677,000	£1,673,000
Total expenses	a	£9,321,000	£8,665,000
Average net asset value (with borrowings deducted at fair value)	b	£1,933,065,000	£1,727,928,000
Ongoing charges	a ÷ b	0.48%	0.50%

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.

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. The leverage figures at 30 April 2020 are detailed on page 60.

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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