Schroder UK Public Private Trust plc

Report and Accounts

For the year ended
31 December 2020

Investment objective

The investment objective of Schroder UK Public Private Trust PLC (SUPP or the Company) is to achieve long-term capital growth through investing in a diversified portfolio with a focus on UK companies, both quoted and unquoted.

Investment policy

Asset allocation and risk diversification

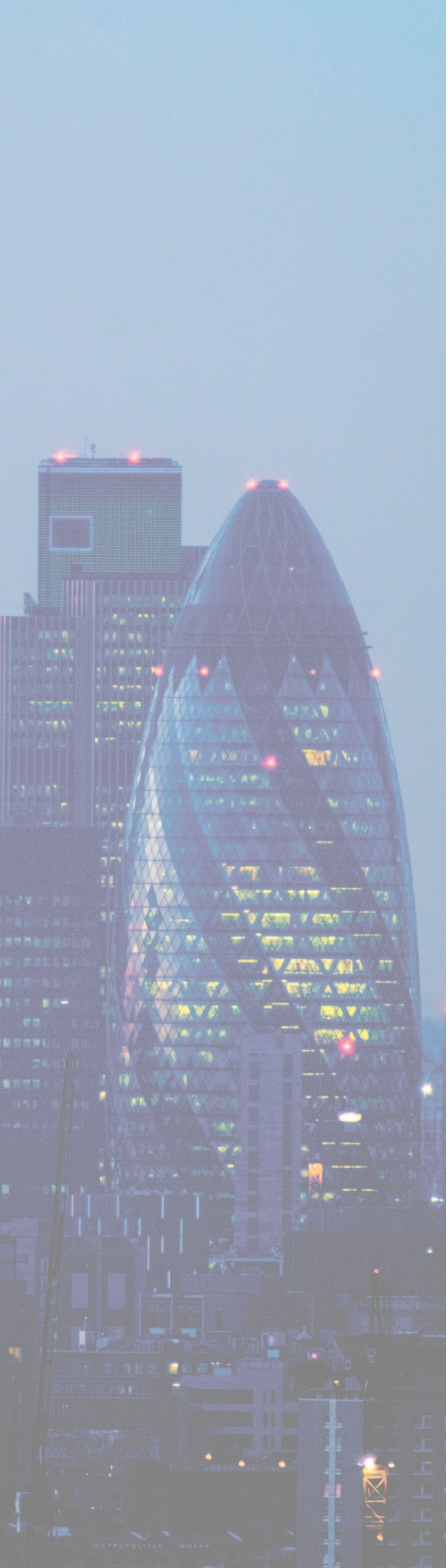
The Portfolio Manager employs a collaborative, team-based approach combining skills, experience and research resources across its public and private equity teams. It aims to identify private equity investments which demonstrate an optimal combination of fast growing, high quality companies with strong management teams and co-investors, and public companies with innovative business models, a focus on organic growth and high-quality management.

The actual portfolio composition at any one time will reflect the opportunities available to the Portfolio Manager, the performance of the underlying investee companies and the maturity of the portfolio.

The Company's portfolio will typically consist of 30-80 holdings predominantly in UK companies. The Company may become a significant shareholder in any of the underlying portfolio companies.

While the intention is for quoted companies to represent not less than 20 per cent of gross assets over the long-term, the actual exposure may vary from time to time reflecting the maturity of the portfolio and market environment at that time.

The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and is not structured on the basis of sector weightings. The Company's portfolio is diversified across a number of sectors and, while there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.



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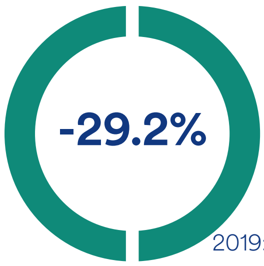
Strategic Report

Financial Highlights

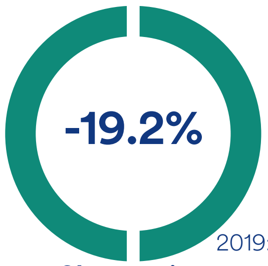
Some of the financial measures below are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 84 together with supporting calculations where appropriate.

Returns for the year ended 31 December 2020



2019: -49.3%

Net Asset Value (NAV) per share



2019: -53.3%

Share price

Other financial information

	31 December 2020	31 December 2019	% Change
Shareholders' funds (£'000)	318,069	449,429	-29.2
Shares in issue	908,639,238	908,639,238	–
NAV per share (pence)	35.00	49.46	-29.2
Share price (pence)	31.00	38.35	-19.2
Share price discount to NAV per share (%)*	11.4	22.5	
Gearing (%)*	31.6	24.6	

	Year ended 31 December 2020	Year ended 31 December 2019	% Change
Net revenue loss after taxation (£'000)	(5,072)	(5,956)	14.8
Revenue loss per share (pence)	(0.56)	(0.67)	16.4
Ongoing Charges (%)*	0.74	0.43	

Long-Term Performance Record

Strategic Report

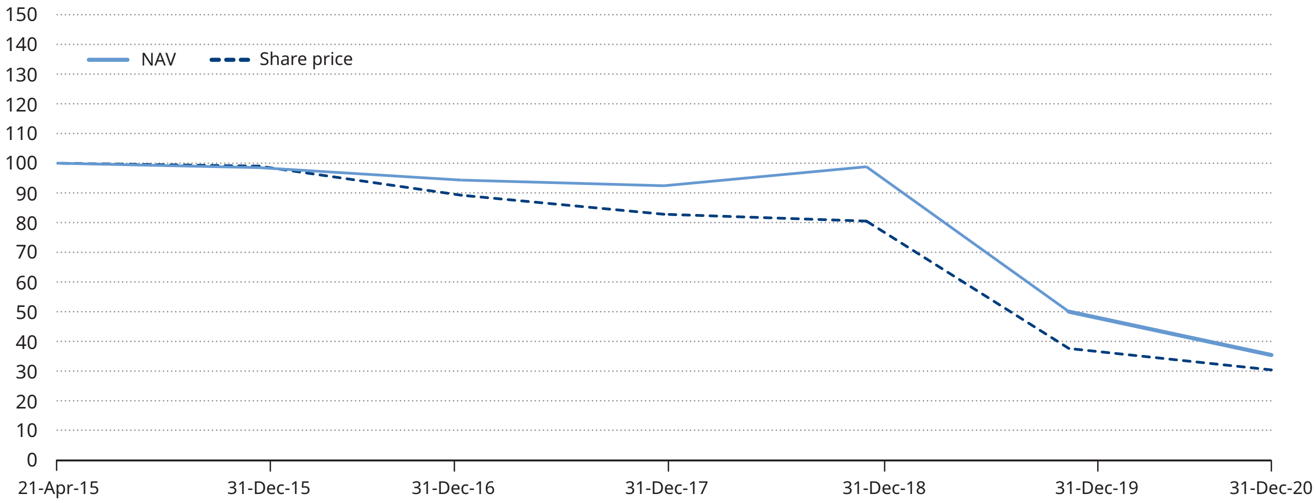
Definitions of terms and performance measures are provided on page 84.

At 31 December	21 April 2015 (launch date)	2015	2016	2017	2018	2019	2020
Shareholders' funds (£'000)	790,640	805,264	771,093	755,295	807,200	449,429	318,069
NAV per share (pence)	98.83	97.37	93.24	91.33	97.61	49.46	35.00
Share price (pence)	102.00	101.00	91.00	84.45	82.10	38.35	31.00
Share price premium/(discount) to NAV per share (%)[1]	3.2	3.7	(2.4)	(7.5)	(15.9)	(22.5)	(11.4)
(Net cash)/gearing (%)[1]	–	(1.5)	9.7	19.8	18.6	24.6	31.6

For the year ended 31 December	2015[2]	2016	2017	2018	2019	2020
Net revenue return/(loss) after taxation (£'000)	1,538	(711)	(3,441)	(3,847)	(5,956)	(5,072)
Revenue return/(loss) per share (pence)	0.25	(0.09)	(0.42)	(0.47)	(0.67)	(0.56)
Dividend per share (pence)	0.16	–	–	–	–	–
Ongoing Charges (%)[1]	0.1	0.2	0.2	0.2	0.4	0.7

[1]Alternative performance measures.
[2]Represents the period from 21 April 2015 (launch date) to 31 December 2015.

NAV per share and share price total return for the period from 21 April 2015 (launch date) to 31 December 2020



Source: Morningstar/Thomson Reuters. Rebased to 100 at 21 April 2015.

Chair's Statement

Performance

The year ended 31 December 2020 was turbulent. Compared to the prior year end, the net asset value fell 29.2% from 49.46p to 35.00p per share and the share price fell 19.2%, from 38.35p to 31.00p per share. While the reduction in NAV is disappointing, we believe that significant progress has been made.

Valuations

The valuation at 31 December 2020 is clearly disappointing. During the year, the Company's quoted holdings saw a decline in value of 42.4% contributing 12.7% to the reduction in NAV. The largest single negative contributor to performance was Rutherford Health, which is listed but valued by the AIFM as an illiquid investment as it takes into account the lack of market trading in the shares. The holding was revalued to £34 million at 31 December, a loss of £47 million when compared with the holding value of £81 million as of 31 December 2019. This valuation was reduced to reflect slower than expected commercial progress and increased risk to the business outlook for equity holders.

Overall, the Company's unquoted holdings saw a decline in value of 15.6% contributing 14.8% to the full year reduction in NAV. In Q4, the change in valuation comprised one significant positive contributor, reflecting the sale of Kymab to Sanofi, and several other smaller negative revaluations. The holding in Kymab was revalued to £70 million reflecting the terms of the agreed sale generating a fair value gain of £52 million after accounting for the purchase of additional shares during the year and when compared with the holding value of £14 million as of 31 December 2019. In addition to Kymab, the only other unquoted holding that experienced a fair value gain of greater than £5 million over the full year was Inivata. The company was revalued to reflect its continued progress, in addition to the strategic collaboration and investment from NeoGenomics, Inc as described in the Top 10 holdings.

There were a number of other portfolio companies, mostly notably Atom Bank, BenevolentAI and Industrial Heat, that experienced a fair value loss of greater than £5 million over the full year. Details of these writedowns and the reasons for them may be found in the Portfolio Manager's report.

On a more positive note, the NAV as at 31 December 2020 does not include any valuation adjustment for Oxford Nanopore Technologies following its recent announcement that, subject to market conditions and other matters not fully within its control, it expects to undertake an initial public offering on the London Stock Exchange in the second half of 2021. The year end valuation is based on the latest financing round which has remained consistent for over 12 months.

Progress on key objectives

The disappointment of some of the valuation writedowns in the portfolio should not detract from the progress which has been made by Schroders during the year under review. Two key objectives for Schroders for 2020 were outlined in the 2019 Annual Report. These were ensuring that the key value-creating portfolio companies received the appropriate level of strategic support to maximize the Company's investment return, and proactively seeking to pay down the debt obligations.

Both objectives were designed to place the Company in a position to rebalance the sector and company weightings over the longer term. A significant amount of groundwork was laid during the year and some evidence of this has been seen in a number of positive announcements made since the year end.

Thanks to the proceeds from the basket of sales to Rosetta Capital, which completed in March 2021, and from Sanofi's acquisition of Kymab where Schroders worked closely with Kymab's management team, 2021 will see our Portfolio Manager being able to make new investments for the first time, enabling them to drive the future direction of the portfolio.

We believe that the Company is in a much better position now than it was a year ago. Despite the challenges from the pandemic in 2020, our Portfolio Manager has been successful in carrying out the strategy for 2020 with the most critical progress being made on the debt.

Gearing policy

In my last statement I reported that the Board would work with Schroders to reduce the level of borrowings and that it was important the Portfolio Manager was provided with the time to achieve this while protecting shareholder value.

Accordingly, the Company's borrowings continued to be an area of focus throughout the year under review and in January 2021, the Board announced that the credit facility had been extended until 30 January 2023. Since then the balance has been repaid in full and the term loan subsequently converted into a £55 million revolving credit facility on 14 April 2021.

Whilst at the year end gearing represented 31.6% of NAV, as at 15 April 2021 the Company has moved to a net cash position of more than 3%. This reduction in gearing follows the receipt of proceeds from Rosetta Capital and Kymab referred to above.

Discount management

The share price discount to net asset value at the year end was 11.4% and volatility was high throughout the year. The Board is seeking to renew the authority to purchase up to 14.99% of its issued share capital, to be cancelled or held in treasury for future reissuance. The Board did not use the authority in 2020 but considers buybacks a useful mechanism for discount management and will consider buybacks once the Company is in a position to do so.

Chair's Statement

Board composition and Chair succession

In February the Company announced that Tim Edwards had been appointed as an independent non-executive Director and would succeed me as Chairman of the Company and a resolution proposing his election as a Director is included in the Notice of Annual General Meeting on page 79.

Tim is a qualified chartered accountant with a widespread background in corporate finance and investment and extensive management and advisory experience in the biopharmaceutical industry. He is currently the chairman of Storm Therapeutics Ltd, Karus Therapeutics Ltd and Modulus Oncology Ltd, a director of AstronauTx Ltd and an independent non-executive director of Record plc. Previously, Tim was a member of the governing board of InnovateUK, the UK's innovation agency, a director of the UK Cell and Gene Therapy Catapult and chairman of the UK BioIndustry Association.

The appointment of Tim is in line with the Board's agreed succession plans, as outlined last year, and follows an extensive independent search over the last twelve months to find a candidate with the appropriate balance of skills and experience to complement those of the current Directors. My colleagues and I are delighted to welcome him to the Board and are very much looking forward to working with him.

The Board believes that it is important for appropriate new skills to be brought to the Board and will continue to look to refresh one Director every two to three years. All Directors will continue to be subject to re-election each year at the AGM and will not serve for a period over nine years.

The composition of the Board has materially changed since the start of 2019 and I retire as Chair of the Company leaving it in good hands. I believe I will see Tim and the Board continue to work with Schroders and make positive progress in performance in the years ahead.

Outlook

I write my last statement to you as Chair of the Company with thanks for your patience over the last two years. The challenges of 2019 have been compounded by the COVID-19 pandemic and the valuation at the end of year is disappointing. However, I retire with cautious optimism for 2021.

There is still work to be done and challenges remain but we have seen significant progress in 2020 and Schroders are now in a position where they can support the strongest opportunities within the existing portfolio, whilst at the same time being able to invest into new high quality, high conviction public and private opportunities.

Schroders' aims for the remainder of 2021 are outlined in their report and the core tenets of the Company's strategy will be a focus on high quality UK innovation, diversification by stage and by sector and prudent debt utilisation. Schroders will also actively seek to incorporate ESG considerations and alignment with the UN SDGs as an important element of the investment process.

AGM

The AGM will be held at noon on Friday, 4 June 2021 at Schroders' offices at 1 London Wall Place, London EC2Y 5AU. As at the date of this report, the UK Government's roadmap out of lockdown states that no earlier than 17 May 2021, step 3 will be introduced and the rule of six or two households will apply indoors. Therefore, to ensure the safety and security of our shareholders, service providers, officers and guests, shareholders are asked to comply with Government requirements and guidelines relating to travelling and meetings and not attend the AGM. Shareholders are encouraged to vote by proxy, appointing the Chair of the meeting as their proxy. Proxy votes can be submitted electronically through the registrar's portal. Details are on the Company's webpages.

In the event that shareholders have a question for the Board, please email amcompanysecretary@schroders.com and we will arrange for a response to be provided to you.

Web Conference – Update from Schroders

Please join the portfolio managers for a webinar in which they will report on the year ended 31 December 2020 and outline their thoughts on the future direction of the portfolio. The presentation will be followed by a live Q&A session.

The webinar will take place on 7 May 2021 at 11.30 am. Register for the event at http://www.schroders.com/publicprivatetrust/updates.

Susan Searle
Chair

23 April 2021

Portfolio Manager's Review

Summary

- 2020 has been another difficult period for Schroder UK Public Private Trust Plc ("SUPP") with the concentrated portfolio inherited at the time of our appointment experiencing a downward valuation at the period end.
- The Company reported a net asset value ("NAV") of 35.00p per share as of 31 December 2020, a decrease of 20.2% relative to the NAV as of 30 September 2020 (43.84p per share) and 29.2% relative to the NAV as of 31 December 2019 (49.46p per share).
- In Q4, this change in valuation comprised one significant positive contributor, reflecting the sale of Kymab to Sanofi, one significant negative contributor, the revaluation of Rutherford Health, and several other smaller negative revaluations.
- Throughout 2020, at an operational level, we focused on building relationships with the portfolio companies, contributing to strategic thinking, honouring the Company's existing financial commitments, selectively investing in new follow-on opportunities within the financial constraints and working to pay down the outstanding debt to enable longer-term repositioning.
- After the year end, the Company reported significant progress with the full pay down of the debt facility with proceeds from the Kymab exit and the sale of a portfolio of assets to Rosetta Capital. The Company is thus now in a strong financial position to execute its strategy and enable new and follow-on investments.

Introduction

Progress and focus on original objectives

Despite the extremely disappointing headline reduction in NAV, the portfolio managers are pleased with the underlying operational progress achieved in onboarding the portfolio and building a foundation for the future. The situation inherited at the time of our appointment as Portfolio Manager on 13th December 2019, combined with the magnitude of the external factors impacting not only the UK but the entire globe, made this an extremely challenging period to navigate.

We have worked closely with the companies in the portfolio to plot a course through this volatility, and believe this engagement now positions the portfolio strongly for the future. The team has worked tirelessly to minimise potential disruption from the pandemic over the course of the last 12 months, but the Company has not been immune.

Through the pandemic, our focus remained resolutely on addressing our two key objectives for 2020; (1) ensuring that the key value-creating portfolio companies receive the appropriate level of strategic support to maximize the Company's investment return, and (2) seeking proactively to pay down the debt obligations. Both objectives were designed to place the Company in a position to rebalance the sector and company weightings over the longer term. Although the results of this work are not yet evident in the reported results as of 31 December 2020, a significant amount of groundwork was laid during the year resulting in several positive announcements since the period-end.

The task is by no means complete, a significant amount of work is still required but we are encouraged by the progress achieved in recent months. For the first time since our appointment, the Company can now be on the front foot and we expect to be able to make its first new investments during 2021. We have an exciting pipeline of opportunities, both new and within the existing portfolio, which we believe can deliver attractive long-term capital growth whilst remaining true to the Company's origins to have a portfolio with a mix of both public and private companies.

COVID-19

As reported previously, 2020 saw significant volatility across public markets around the world. A heavy sell off in Q1 as worries about the pandemic escalated was then partially reversed in Q2 as initial lockdowns began to ease and hopes were high for a swift return to normality. This volatility remained in Q3 as further concerns around a second wave of the pandemic impacted different geographies at various times. Q4 then saw a significant strengthening in global markets as effective vaccines were announced and began to be rolled out with hope once again returning to markets.

Brexit

Aside from the pandemic, the UK markets were also buoyed in Q4 by the resolution of the long-standing issue of Brexit. This has led to improving clarity in relation to the UK's position with respect to European trade, although the impact of the new relationship has not yet permeated all sectors. That said, the progress achieved we believe has improved the UK's appeal on the global stage and led to greater interest in high quality UK assets from overseas investors and buyers, something that the portfolio has benefited from post year end.

Portfolio

Despite the strong weighting towards healthcare companies, which would ordinarily be supportive when faced with the macroeconomics events highlighted above, the portfolio has not been immune to the idiosyncratic risks of individual portfolio companies.

The clearest indication being the differing fortunes of Kymab and Rutherford Health, the largest single positive and negative contributors in Q4 respectively. Following the positive Phase 2a trial data for KY1005, Kymab's treatment for severe atopic dermatitis, Sanofi agreed to acquire the company at a significant uplift to the holding value generating a fair value gain of £54 million after accounting for the purchase of additional shares and when compared with the holding value of £14 million as of 31 December 2019 (30 September 2020: £18 million). In contrast, the holding value of Rutherford Health has been revalued significantly downwards to reflect slower than expected commercial progress and an increased risk to the business outlook for equity holders. This has resulted in a fair value loss of £47 million when compared with the holding value of £81 million as of 31 December 2019 (and 30 September 2020). Further details of other companies impacted by stock-

Portfolio Manager's Review

specific factors have been included in the Financial Performance section which follows this introduction.

Within the later stage unquoted holdings in the portfolio, Atom Bank has been more clearly impacted by the weakness and volatility in markets. The company which was valued as of 31 December 2019 based on the price of its last funding round in 2019, has been steadily adjusted downwards through 2020 to reflect weakening market sentiment towards banking sector stocks. This decline culminated in a funding round at a depressed valuation impacting the year end valuation. However, despite this contraction in trading multiples, we remain excited by the prospects of the business given the strong operational progress delivered in 2020 and remain encouraged that there is upside to its current holding value over the medium term.

Recent developments

Since the year end, the hard work undertaken during 2020 has started to bear fruit more visibly with a string of positive developments.

(1) **Agreement to extend the term of the credit facility** for 24 months to 30 January 2023.

(2) **Immunocore completed its initial public offering ("IPO") on Nasdaq**.

(3) **Completion of the sale of assets to Rosetta Capital** generating initial proceeds of £52.9 million allowing a meaningful portion of the Company's outstanding debt to be paid down and the term loan converting to a revolving credit facility.

(4) **Oxford Nanopore announced its intention to IPO** on the London Stock Exchange in the second half of 2021 subject to market conditions and other matters.

(5) **Completion of the sale of Kymab to Sanofi** generating initial proceeds of $87 million (£63 million).

(6) **Full repayment of the Company's debt** with the proceeds from the Rosetta transaction and Kymab sale, enabling the first new investments into both public and private companies.

With the culmination of these events, generating proceeds of over £115 million, we are excited to report that at the time of writing, the Company is now in a net cash position having fully repaid its outstanding debt which stood at £113 million as of 31 December 2019. As such, we are now planning our first new public and private investments, whilst retaining sufficient liquidity to support the existing portfolio companies with follow-on capital as required.

We look forward to providing further information on our pipeline and reporting the first new investments over the coming months.

Financial Performance

Attribution Analysis (£m)	Quoted	Un-quoted	Net Debt	Other	NAV
Value at 31.12.19	**134.3**	**426.8**	**(110.7)**	**(1.0)**	**449.4**
+ Investments	1.0	5.9	(6.9)	–	–
- Realisations at value	(14.0)	(6.7)	20.7	–	–
+/- Fair value (losses)/gains	(56.9)	(66.4)	–	–	(123.3)
+/- FX losses	1.1	(3.9)	(0.2)	–	(3.0)
+/- Reclassified holdings	1.1	(1.1)	–	–	–
+/- Costs and other movements	–	–	(3.6)	(1.4)	(5.0)
Value at 31.12.20	**66.6**	**354.6**	**(100.7)**	**(2.4)**	**318.1**

Source: AIFM, Link Fund Solutions Limited, as of 31 December 2020.

The NAV as of 31 December 2020 was £318.1 million or 35.00p per share. This reflects a decrease of 20.2% compared with the NAV as of 30 September 2020 and a decrease of 29.2% since 31 December 2019.

The full year NAV return of -29.2% comprised:

- Quoted holdings: –12.7%
- Unquoted holdings: –14.8%
- Foreign exchange: –0.7%
- Costs and other movements: –1.1%

The Company's quoted holdings saw a decline in value of 42.4% contributing 12.7% to the full year reduction in NAV. The largest single downwards contributor to performance was Rutherford Health. The company is reported as a quoted holding, however trading on the relevant exchange is very limited so it is valued independently by Link Fund Solutions Limited (LFS), the Company's AIFM. The holding was revalued to £34 million, a loss of £47 million when compared with the holding value of £81 million as of 31 December 2019 (and 30 September 2020). The valuation of Rutherford Health was reduced to reflect slower than expected commercial progress and increased risk to the business outlook for equity holders. The largest positive quoted contributor to performance, Idex ASA, was up 49% in Q4 and 138% over the full year. Autolus Therapeutics, the third largest negative contributor, was down 23% in Q4 and 33% over the year, whilst the second largest negative contributor, Evofem Biosciences, declined 61% over the year prior to being sold in Q4.

The Company's unquoted holdings saw a decline in value of 15.6% contributing 14.8% to the full year reduction in NAV. In Q4, the change in valuation comprised one significant positive contributor, reflecting the sale of Kymab to Sanofi, and several other smaller negative revaluations. The holding in Kymab was revalued to £70 million reflecting the terms of the agreed sale generating a gain of £54 million after accounting for the purchase of additional shares and when

Portfolio Manager's Review

compared with the holding value of £14 million as of 31 December 2019 (30 September 2020: £18 million).

The other portfolio companies that experienced a fair value loss of greater than £5 million over the full year included:

- Atom Bank was revalued to reflect the terms of their recently announced funding round at a reduced valuation;
- BenevolentAI was revalued to reflect the terms of a recent funding round albeit with participation from new external investors;
- Carrick Therapeutics and Mission Therapeutics were revalued to reflect the terms of the Rosetta sale announced on 27 January 2021. As of 31 December 2020, the AIFM applied the full discount from the agreed transaction in the Company's NAV given the proximity of the transaction to the year end, hence the sale proceeds were considered to reflect the fair values of these assets. As the transaction was agreed as an overall basket sale, not holding by holding, the overall discount from the transaction has been apportioned by the AIFM based on the differing status of each holding in the sale portfolio. For the quoted assets (Mereo Biopharma and ReNeuron), these holdings have been valued based on the unadjusted quoted prices. For the partially sold assets (Immunocore and Inivata), these holdings have been held at fair value, unadjusted for the transaction. Finally, for the wholly sold assets (Carrick Therapeutics, Mission Therapeutics and PsiOxus Therapeutics), they applied the total discount to ensure that the full impact of the transaction is reflected in the NAV as of 31 December 2020.
- Industrial Heat which was revalued due to a lack of technical and operational progress;
- Spin Memory was revalued due to increased financing risk and the impact of COVID-19 on its technical and commercial progress;
- Kind Consumer was written down to nil as the company entered an administration process which is not expected to return any value to shareholders;
- Ombu was revalued reflecting both the acquisition by Hambro Perks Environmental Technologies Fund and then positive developments within the portfolio post-acquisition but prior to period-end. As a result, the holding was revalued to £6.6 million, marginally higher than the expected value of £4.0 million communicated at the time of the acquisition;
- Lignia Wood was revalued due to increased financing risk and the impact of COVID-19 on sales performance versus expectations; and
- Ratesetter was sold to Metro Bank at a reduced valuation.

In addition to Kymab, the only other unquoted holding that experienced a fair value gain of greater than £5 million over the full year was Inivata. The company was revalued to reflect its continued progress, in addition to the strategic collaboration and investment from NeoGenomics, Inc as described in the Top 10 holdings.

It should be noted that the NAV as of 31 December 2020 reflects the fair value of Oxford Nanopore (ONT) at the year end, however does not include any valuation adjustment following ONT's post-period end announcement that, subject to market conditions and other matters not fully within its control, ONT expects to undertake an initial public offering on the London Stock Exchange in the second half of 2021. The year end valuation is based on the latest financing round which has remained consistent for over 12 months.

In addition, the valuation of Immunocore reflected the position as at the year end, however the company has since completed its IPO on Nasdaq which is expected to impact the holding value as of 31 March 2021.

Investment Activity

Throughout 2020, our focus as Portfolio Manager has been stabilising the existing portfolio and taking the first steps in our longer-term ambition of repositioning towards a greater balance of sectors, stages and position sizes.

Within the public equity holdings, 2020 was a year of significant volatility. The onset of the pandemic at the end of Q1 was swiftly counterbalanced by a strong rebound in public markets. In Q2 and Q3, we took the opportunity to reduce various positions which we considered oversized relative to our conviction levels. These small realisations were used to meet more compelling opportunities to provide funding to some of the private companies, whilst ensuring that net debt levels were gradually reduced. This activity culminated in Q4 in the full realisation of the holding in Evofem Biosciences due to our lack of conviction in the company's strategy and prospects. We also sold small positions in Midatech Pharma and Tissue Regenix. Finally, we added to our position in Autolus Therapeutics on the back of share price weakness, due to our conviction in the company's technology platform and product pipeline.

Within the private equity holdings, the year started with the partial realisation of the holding in Oxford Nanopore as part of a strongly supported fundraise and the full realisation of the remaining holding in Yoyo Wallet in a previously agreed transaction. During Q2 and Q3, as referenced above, the proceeds from public equity sales were used to meet more compelling opportunities to fund private companies. This included high conviction opportunities in companies with significant upside potential such as Kymab. In Q3, we acquired $1.3 million of secondary shares in Kymab as part of a pre-emptive offer at a valuation which we deemed attractive relative to the value creation potential from the approaching Phase 2a data for the lead drug KY1005. This trial later read out positively, ahead of the agreed sale to Sanofi, resulting in the secondary shares being valued at $11.5 million as of 31 December 2020, a return of 781% in 8 months. In addition, the Company honoured its last remaining funding commitments to portfolio companies agreed by the previous Portfolio Manager, including Carrick Therapeutics and Seedrs.

During the period, the Company also disposed of its shareholding in Ratesetter as part of the acquisition by Metro Bank, in return for a small upfront consideration, an in-specie distribution of RateSetter's holding in RateSetter Australia and a deferred consideration payable subject to the satisfaction of certain key performance criteria. As contained in this report, the new position in Ratesetter Australia,

Portfolio Manager's Review

rebranded as Plenti Group, is reflected as a quoted holding given the shares are listed on the ASX market in Australia.

Post-period end, the Company announced two further material updates in relation to its private equity portfolio:

(1) Sanofi to acquire Kymab

On 11 January 2021, Sanofi and Kymab announced that they have entered into a Share and Purchase Agreement ("SPA") under which Sanofi will acquire Kymab for an upfront payment of approximately $1.1 billion and up to $350m upon achievement of certain milestones.

On 9 April 2021, the transaction was successfully completed with the Company receiving initial proceeds of $87 million (£63 million). Furthermore, there is the potential for additional contingent payments of up to $33 million subject to a deferred purchase price release and Kymab achieving certain development and regulatory milestones.

As of 31 December 2020, the holding in Kymab has been revalued to £70 million reflecting the terms of the agreed sale, the upfront consideration and a probability weighted expectation of the future milestones, generating a gain of £54 million after accounting for the purchase of additional shares and when compared with the holding value of £14 million as of 31 December 2019 (30 September 2020: £18 million).

(2) Agreement for sale of assets

On 27 January 2021, the Company announced that it has signed a sale and purchase agreement for the sale of a basket of seven assets (the "Sale Portfolio") to Rosetta Capital VI, LP (the "Buyer"), an investment fund managed by the UK-based life science venture capital firm Rosetta Capital Limited, for a total acquisition price of £49.0 million. The Sale Portfolio consisted of the Company's entire holdings in Carrick Therapeutics, Mission Therapeutics, PsiOxus Therapeutics and Mereo BioPharma and partial holdings in Inivata, Immunocore and ReNeuron. The agreed acquisition price represented a discount of 22 per cent to the aggregate valuation for those holdings reflected in the Q3 2020 NAV as of 30 September 2020.

The Buyer has also agreed to pay approximately £2.9 million representing the value of certain follow-on investments made by the Company with respect to holdings contained in the Sale Portfolio during January 2021. Furthermore, given news of Immunocore filing for an initial public offering ("IPO"), the Company agreed with the Buyer an earn-out under which the Company might receive an additional contingent payment of up to £5.0 million subject to the Immunocore stake acquired by the Buyer exceeding certain value thresholds at the Buyer's future exit of the investment.

On 15 March 2021, the transaction successfully closed with the Company receiving initial proceeds of approximately £52.9 million, out of which £1.0 million resulted from a positive adjustment to the acquisition price due to changes in the values of the listed portfolio companies Mereo BioPharma and ReNeuron on an aggregated basis.

Approach to Sustainability

Schroders has long recognised both the importance of examining the impacts of social and environmental trends on the companies that we invest in, and the role investors can play in helping to address those challenges. Schroders' Private Equity investment team, Schroder Adveq, has over 20 years' experience applying environmental, social and corporate governance (ESG) factors in investment achieving the highest (A+) rating under UN Principles for Responsible Investing (2020 UN PRI Assessment Report). That philosophy is reflected in our management of the Company and our plans to develop the portfolio.

We believe that companies do not operate in a vacuum; their long-term success is directly tied to their ability to adapt to social and environmental trends shaping their industries. For instance, their abilities to attract and retain talent, to build strong customer relationships or to adapt to changing regulations are vital to their competitiveness. All are complicated by workers' growing expectations that their employers' values match their own, the growing importance consumers attach to environmental features or product sustainability and the growing pressures governments face to reign back corporate excesses. The challenges vary from company to company and industry to industry, as do the features we look for in companies, but the principles and the importance they attach to them are consistent.

The same structural trends are also reshaping industries, driving growth in some markets and shrinking others, as capital moves to industries and technologies that will help solve social and environmental challenges.

Sustainable Development Goals

In 2015, the United Nations launched its Sustainable Development Goals (SDGs) defining the biggest challenges facing global societies. These challenges comprise 17 discrete goals, each targeting distinct threats and underpinned by a comprehensive range of metrics to help policy makers quantify progress. They have galvanised the worldwide focus of policy makers, companies and investors.

Schroders has committed to integrating UN SDGs into enhanced ESG reporting across its private equity portfolios. However, we believe our approach is more conservative than most others because the link between an investment and an SDG may only be acknowledged when the company's business model specifically addresses one of the 169 targets which underly the 17 goals.

Furthermore, we believe in taking a more proactive approach towards SDGs' adoption and intend to use the 17 goals and 169 targets to foster self-reflection within portfolio companies and expedite the adoption of internal policies to ensure simultaneous contribution to multiple goals. We believe that such an approach embodies the spirit of the SDGs, and goes beyond a pure asset allocation consideration, towards a value-added contribution. As we progress with our repositioning of the portfolio, we intend to improve our disclosures in relation to our engagement activities on this topic.

While not all the companies within the existing portfolio have SDGs embedded in their business models, many have. The

Portfolio Manager's Review

Company's focus on early-stage innovative businesses, addressing some of the biggest challenges facing global societies, leaves a considerable proportion of the portfolio aligned to those goals. As an illustration of the Company's current positioning in relation to SDG's, the Top 10 holdings section of this Portfolio Manager's review includes the relevant goals and underlying targets associated with each of the largest holdings. We consider this the first step towards embedding sustainability within the Company's investment philosophy and over time establishing a leading position in this critical area.

Commitment

As we progress with the process of transitioning the portfolio, we intend to take a progressive approach to improving the Company's sustainability profile. Initially, this will take the form of three initiatives:

(1) Continuing to engage with the Board on the details of more actively endorsing sustainability within the Company's investment policy;

(2) Disclosing where appropriate the SDG's associated with our first new investments since our appointment as Portfolio Manager;

(3) Reporting on our engagement with portfolio companies regarding topics such as diversity, corporate governance and climate change;

We look forward to communicating progress on these initiatives over the months and years ahead.

Portfolio Manager's Review

Top 10 Holdings

Kymab Group (16.5% of total investments)

Kymab develops monoclonal antibody therapeutics for oncology and other disorders. Its proprietary platform allows for precise production of a diverse range of fully humanized monoclonal antibodies. Its pipeline includes programs in oncology, immune disorders and several discovery-stage programs for other indications.

In August 2020, Kymab announced that the primary endpoints in its Phase 2a, randomized, double-blinded, placebo-controlled study had been met. The proof-of-concept study, conducted across 20 European sites, evaluated the efficacy, safety and tolerability of KY1005 in 88 adults with moderate to severe atopic dermatitis whose disease could not be adequately controlled with topical corticosteroids. KY1005 demonstrated a consistent treatment effect versus placebo across various key endpoints, including in the Eczema Area and Severity Index EASI and additional objective clinical measures.

In January 2021, post period-end, Sanofi and Kymab announced that they have entered into a Share and Purchase Agreement under which Sanofi will acquire Kymab for an upfront payment of approximately $1.1 billion and up to $350 million upon achievement of certain milestones. The transaction was completed in April 2021. Further details regarding the transaction are contained within the investment activity section of this report.

Selected SDG(s) — 3 Good Health and Wellbeing

Target(s) — 3.4 Reduce mortality from non-communicable diseases and promote mental health

Oxford Nanopore Technologies (16.3% of total investments)

Oxford Nanopore has developed a new generation of DNA sequencers, which uniquely scale from small portable formats to ultra-high throughput. They are unique in combining this scalability with real-time data streaming and the ability to sequence very long fragments of DNA/RNA, which provides very rich biological data. The Company now has customers across the globe using its technology for a range of scientific research including pathogen analysis, cancer research, agriculture, human genetics and environmental research.

During 2020, Oxford Nanopore successfully developed and launched LamPORE, a new generation of test for the detection of SARS-CoV-2, the virus that causes COVID-19. In August 2020, the significant progress with LamPORE culminated in an agreement with the UK's Department of Health and Social Care to support the UK's efforts to manage the continued reduction of COVID-19 and containment of new cases. By December 2020, a study of more than 23,000 samples across four NHS sites had demonstrated the accuracy of LamPORE for the detection of SARS-CoV-2 in both symptomatic and asymptomatic populations. Oxford Nanopore has indicated that it intends to submit an Emergency Use Authorisation application to the US FDA for LamPORE COVID-19. The company also raised further capital from new and existing investors including International Holdings Company (IHC), RPMI Railpen and RT Puhua Genomics.

Finally, in March 2021, Oxford Nanopore notified shareholders that is has started the process of preparing for a potential Initial Public Offering ("IPO"). Whilst the timing of a potential IPO is dependent on market conditions and other matters not fully within its control, Oxford Nanopore currently expects the IPO to occur in the second half of the year on the London Stock Exchange.

Selected SDG(s) — 3 Good Health and Wellbeing

Target(s)

3.3 Fight communicable diseases

3.4 Reduce mortality from non-communicable diseases and promote mental health

3.9 Reduce illnesses and death from hazardous chemicals and pollution

3.B Support research, development and universal access to affordable vaccines and medicines

3.D Strengthen the capacity of all countries, for early warning, risk reduction and management of health risks

Portfolio Manager's Review

Atom Bank (9.0% of total investments)

Atom Bank is the UK's first bank built exclusively for mobile. It is redefining what a bank should be, making things easier, more transparent and better value in a world of finance. Currently the bank offers savings accounts, mortgages and business loans.

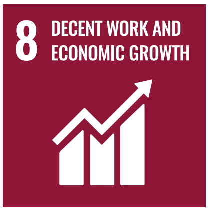
Throughout 2020, Atom Bank has continued to make progress against its key operational, financial and strategic objectives. In particular, the company has disclosed the substantial progress achieved in redeveloping its banking stack and transitioning to the cloud – a key long-term investment intended to accelerate the speed, agility, data management and insight delivery in support of new product launches, such as the Instant Access Saver (IAS) account launched in September 2020. One indication of the success of this project has been the consistently high customer ratings, including recognition as Trustpilot's most trusted UK bank, Net Promoter Scores in excess of +75 and at the time of writing, an App store rating of 4.7 across both Android and iOS.

During the financial year, Atom took steps to improve asset yields by increasing its lending to SMEs and refocusing its offer to residential mortgage customers. The company now has a broader balance sheet which affords more efficient liquidity management with consequent benefits to net interest income. The result is an underlying net interest income improvement over the year with momentum that is expected to continue.

Post-period end, Atom announced that it had raised a further £40 million from existing shareholders and guided towards profitability from its mortgage and business lending within a year, and to IPO the year after. Atom Bank is on course to achieve 100bps of Net Interest Margin (NIM) by the end March 2021 with lending to SMEs on its balance sheet having grown to over £700 million, a tripling of business loans in the last 12 months. This growth has been achieved both within the Coronavirus Business Interruption Loan Scheme and independent of government schemes.

The latest funding round took place at a price of 60p per share, which is significantly below the 2019 funding round price. This is due to particularly weak sentiment around this sector in the public markets throughout 2020, however, we see significant value growth ahead as Atom approaches profitability and continues to scale.

Selected SDG(s) 8 Decent Work and Economic Growth



Target(s)

8.1 Sustainable economic growth

8.2 Diversify, innovate and upgrade for economic productivity

8.3 Promote policies to support job creation and growing enterprises

Rutherford Health (8.0% of total investments)

Rutherford operates four innovative cancer treatment centres in Newport, Northumberland, Thames Valley and Liverpool. The service offering covers imaging, chemotherapy, immunotherapy, radiotherapy and high energy proton therapy.

In May 2020, Rutherford announced that it had entered into a framework agreement with NHS Shared Business Services ("NHS SBS"), under which it is able to provide cancer treatment services on demand by any NHS Trust at a pre-agreed set of prices. The agreement lasts for two years with an option to extend for a further two years and covers the complete range of services that Rutherford offers, including radiotherapy, systemic anti-cancer therapy (chemotherapy), proton beam therapy and diagnostic services.

Post-period end, Rutherford announced a further framework agreement with NHS England under which it will provide cancer treatment and diagnostic imaging services to NHS Trusts and clinical commissioning groups.

The company also provided an update on its funding situation which highlighted the approaching need for financing during the first quarter of 2021. In March 2021, Rutherford announced that it has agreed an infrastructure investment with Equitix Investment Management Ltd, for £40 million. The proceeds from the investment will be used to repay the company's current debt of £18.6 million, for further investment in its infrastructure and for mid-term working capital purposes. The investment is backed by the freehold transfer of the Rutherford Cancer Centre South Wales and supported by other security to be put in place over the company's other centres. The agreement is for 25 years and the company will have the option to repurchase the freehold of the South Wales centre for an agreed nominal sum at expiry.

Selected SDG(s) 3 Good Health and Wellbeing

Target(s)

3.4 Reduce mortality from non-communicable diseases and promote mental health

3.9 Reduce illnesses and death from hazardous chemicals and pollution

Portfolio Manager's Review

Inivata (6.2% of total investments)

Inivata is a leader in liquid biopsy, a transformative approach that identifies tiny amounts of cancer DNA in the blood of patients with cancer. The Company's technology is based on pioneering research from the Cancer Research UK Cambridge Institute and reinforced by multiple high calibre publications. Its lead product, InVisionFirst®-Lung, is commercially available and helps clinicians to make informed treatment decisions for patients with Lung cancer. Further products in development help to manage patients with early-stage cancer. The Company has a CLIA certified, CAP accredited laboratory in Research Triangle Park, NC and laboratories in Cambridge, UK.

In May 2020, Inivata announced the formation of a strategic collaboration with NeoGenomics, Inc (NASDAQ: NEO), for the commercialisation of its InVisionFirst®-Lung liquid biopsy test in the United States which successfully launched in June 2020. NeoGenomics also made a $25 million equity investment in Inivata to take a minority shareholding with an option to buy the company outright. The new funding is being used to enable the acceleration of the company's innovative liquid biopsy products, including further development work on RaDaR.

Post period-end, Inivata announced that it had raised a further $35 million in the second close of its Series C financing round. The round was led by Soleus Capital, who were joined by new investors including Janus Henderson Investors and Farallon Capital alongside existing investor IP Group. This latest funding takes the total raised in the Series C to $60 million. The company also announced that the U.S. Food and Drug Administration (FDA) had granted Breakthrough Device Designation for its RaDaR assay. A positive development will help accelerate the regulatory path of RaDaR for use in detection of minimal residual disease (MRD) in early-stage cancer patients.

Selected SDG(s)	3 Good Health and Wellbeing
Target(s)	3.4 Reduce mortality from non-communicable diseases and promote mental health 3.9 Reduce illnesses and death from hazardous chemicals and pollution 3.B Support research, development and universal access to affordable vaccines and medicines

Immunocore (6.1% of total investments)

Immunocore is a pioneering T cell receptor biotechnology company, working to develop and commercialise a new generation of transformative medicines to address unmet needs. The company's most advanced programmes are in oncology and it has a rich pipeline of programmes in infectious and autoimmune diseases.

In March 2020, Immunocore announced the completion of its Series B private financing round, led by General Atlantic, generating more than $130 million with participation from new and existing investors. The proceeds enable the company to further expand and accelerate its rapidly growing clinical stage pipeline of ImmTAX™ molecules that includes three oncology programs in MAGE-A4 (in collaboration with Genentech), NYESO-1 (in collaboration with GlaxoSmithKline), and the lead program tebentafusp (IMCgp100), which is in pivotal clinical studies as a potential treatment for patients with metastatic uveal melanoma ("mUM"). The proceeds allowed the company to advance two wholly owned clinical-stage internal programs for chronic Hepatitis B and for PRAME, a target expressed in a wide range of tumours.

In November 2020, Immunocore announced that its Phase 3 IMCgp100-202 clinical trial of tebentafusp (IMCgp100) had met the primary endpoint for Overall Survival ('OS') in its first pre-planned interim analysis. The efficacy data confirmed the OS observed in the phase 2 study of IMCgp100-102 in previously treated mUM which was presented at the ESMO Immuno-Oncology Virtual Congress 2020.

Since the year end, Immunocore has announced the completion of its $75 million Series C financing round, its initial public offering (IPO) on Nasdaq raising gross proceeds of $312 million and guided towards interim results from the IMCgp100-202 Phase 3 clinical trial to be presented at an upcoming scientific conference. If approved, Immunocore believes tebentafusp would be the first new therapy for the treatment of mUM in 40 years.

Selected SDG(s)	3 Good Health and Wellbeing
Target(s)	3.4 Reduce mortality from non-communicable diseases and promote mental health 3.9 Reduce illnesses and death from hazardous chemicals and pollution 3.B Support research, development and universal access to affordable vaccines and medicines

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BenevolentAI (5.1% of total investments)

BenevolentAI creates and applies artificial intelligence (AI) and machine learning to transform the way medicines are discovered and developed. Benevolent integrates its technology into every step of the drug discovery process from hypothesis generation to late-stage clinical development. The Benevolent Platform® is used by scientists and technologists to find new ways to treat disease, improve the efficacy and lower the development time and costs of new treatments.

In November 2020, BenevolentAI highlighted that baricitinib, a drug it first identified as a potential treatment for COVID-19, has been granted Emergency Use Authorization ("EUA") by the U.S. Food and Drug Administration ("FDA"). The rheumatoid arthritis drug, owned and marketed by Eli Lilly under the brand name Olumiant™, is now authorised for use in hospitalised COVID-19 patients who require supplemental oxygen or invasive mechanical ventilation. This EUA decision further validated the AI-derived hypothesis of baricitinib as a potential treatment for COVID-19, first published by BenevolentAI in The Lancet on February 4, 2020. The speed at which baricitinib entered clinical trials reflected the urgency of the pandemic and is testament to the strength of BenevolentAI's initial hypothesis. This action from the FDA for the EUA of baricitinib is an important milestone that has progressed at an unprecedented pace.

Since the year end, BenevolentAI announced two important updates. Firstly, AstraZeneca had selected a novel chronic kidney disease (CKD) target to advance to its drug development portfolio, a major milestone since formation of the strategic collaboration in 2019 to discover new drugs for CKD and idiopathic pulmonary fibrosis (IPF). The collaboration combines AstraZeneca's scientific expertise and rich datasets with BenevolentAI's target identification platform and biomedical knowledge graph to understand these two complex diseases' underlying mechanisms and identify new and more efficacious drug targets.

Secondly, the company announced the dosing of the first patient in its randomised first-in-human clinical trial for BEN-2293, a molecule designed and developed to treat Atopic Dermatitis.

Selected SDG(s) 3 Good Health and Wellbeing

Target(s) 3.4 Reduce mortality from non-communicable diseases and promote mental health

Reaction Engines (3.0% of total investments)

Reaction Engines is developing an innovative engine, called SABRE, to enable more efficient and accessible space and hypersonic travel. This core vision has created a wealth of intellectual property which is being spun off to deliver a step change in performance and efficiency in an array of commercial industries.

In August 2020, Reaction Engines and Rolls-Royce plc announced a new strategic partnership agreement to develop high-speed aircraft propulsion systems and explore applications for Reaction Engines' thermal management technology within civil and defence aerospace gas turbine engines and hybrid-electric systems. Rolls-Royce also disclosed a further investment in Reaction Engines as part of a wider funding round. The two companies have been working together since 2018, including the first phase of a UK Ministry of Defence contract to undertake design studies, research, development, analysis and experimentation related to high-Mach advanced propulsion systems.

Selected SDG(s) 7 Affordable and Clean Energy

Target(s) 7.A Promote access to research, technology and investments in clean energy

Portfolio Manager's Review

IDEX Biometrics ASA (2.7% of total investments)

Idex Biometrics is a leading provider of fingerprint biometric sensors that are being used in an increasing range of security applications including access control and, most significantly, in the next generation of payment cards.

Over the course of 2020, Idex completed certification processes with major card schemes in the US, Europe and China, and continued to work with leading card manufacturers on scaling up the production of cards incorporating Idex's sensors. These are important milestones in preparing its cards for mass market rollouts by major card issuers. Idex also completed two private placements for a total of NOK 175m.

Post period-end, Idex completed a larger placing of NOK 229m which should fund the business through to breakeven expected in H2 2022.

Selected SDG(s)	8 Decent Work and Economic Growth
Target(s)	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

AMO Pharma (2.7% of total investments)

AMO Pharma is a biopharmaceutical company working to identify and advance promising therapies for the treatment of serious and debilitating diseases in patient populations with significant areas of unmet need, including rare, debilitating childhood onset neurogenetic disorders with limited or no treatment options. As well as developing AMO-02 for congenital myotonic dystrophy, the company is progressing AMO-01 as a clinical stage treatment for Phelan McDermid Syndrome and AMO-04 as a clinic ready potential medicine for Rett Syndrome and related disorders.

In January 2020, AMO Pharma announced the initiation of patient enrolment in its pivotal clinical trial for AMO-02 following the completion of the design and outcomes measures of the trial with regulators and a successful $35 million financing with new investors.

In November 2020, AMO Pharma announced that AMO-02 had been granted a Rare Paediatric Disease ('RPD') designation by the FDA. The FDA grants RPD designation for serious and life-threatening diseases that primarily affect children aged 18 years or younger and fewer than 200,000 people in the United States. The designation qualifies AMO Pharma to receive fast track review for AMO-02 and a priority review voucher ('PRV') at the time of marketing approval. PRVs are transferable and can be used by drug developers to earn an expedited six-month review of a new drug application by the FDA.

Selected SDG(s)	3 Good Health and Wellbeing
Target(s)	3.4 Reduce mortality from non-communicable diseases and promote mental health 3.9 Reduce illnesses and death from hazardous chemicals and pollution 3.B Support research, development and universal access to affordable vaccines and medicines

Portfolio Manager's Review

Additional Company Updates

Seedrs

- In October 2020, Seedrs and Crowdcube announced their proposed merger in a move designed to accelerate their plans to create the world's largest private equity marketplace.
- In November 2020, the UK Competition and Markets Authority (CMA) referred the merger for an in-depth Phase 2 investigation under its fast-track procedure at the request of the merging companies.
- Post period end, the CMA published its provisional findings which concluded that, in their opinion, the transaction may be expected to result in a substantial lessening of competition within the supply of equity crowdfunding platforms to small and medium enterprises and investors in the UK. The only effective remedy is likely to be the prohibition of the merger.
- Hence, following further evaluation, both companies decided to walk away from the transaction. As commented on by the company, we are extremely disappointed by the findings and firmly disagree with the CMA's view that this would be an anti-competitive transaction. We still believe that this would be a positive outcome for small UK businesses, strengthening a vital source of funding within the broader ecosystem, and supporting thousands of ambitious companies at such a critical time.

Autolus Therapeutics

- During 2020, Autolus Therapeutics made continued good progress with its principal programmes, AUTO1 for adult Acute Lymphoblastic Leukemia (aALL) and AUTO3 for Diffuse Large B Cell Lymphoma (DLBCL).
- At the American Society of Haematology Conference in December 2020, the company presented further data from its AUTO1 programme for aALL, showing a strong efficacy and safety profile. Full data from a pivotal study is now expected in 2022, representing a slight delay to the previous schedule.
- The company also presented an update on its AUTO3 programme for DLBCL. This showed an encouraging safety profile – including the feasibility of administering in an outpatient setting – and good levels of complete remission at the three-month stage, but with some question marks remaining over durability of response.
- The company has since announced that it will seek a partner to develop AUTO3 and will focus in the near term on further developing and extending the applications of AUTO1.
- Shortly after the year end, the company raised capital in early 2021 that it anticipates will provide it with the required funding into 2023.

Federated Wireless

- In February 2020, Federated Wireless announced significant commercial partnerships with both Microsoft Azure Marketplace and Amazon Web Services. Both partnerships relate to Federated Wireless' new Connectivity-as-a-Service offering that lets U.S. enterprises buy and deploy private 4G and 5G networks with a single click. An end-to-end managed service provided by Federated Wireless which includes discovery, planning, design, build, operation and support, enabling enterprises to reap the benefits of 5G with minimum risk and capital expenditure.
- In March 2020, Federated Wireless confirmed that it had secured $13.7 million in additional Series C funding from existing investors Allied Minds and Pennant Investors – funding which will be used to accelerate expansion and adoption of the company's partnership with Amazon Web Services and Microsoft Azure to offer Connectivity-as-a-Service.

Mafic

- In July 2020, Mafic USA announced the commencement of operations at its new basalt fiber production facility in Shelby, North Carolina. The facility is the world's largest and the first such in North America capable of producing 6,000 metric tons of basalt fiber annually, nearly 30 percent of the current global output of basalt fiber.
- This milestone marked a major step forward in the company's goal to bring basalt fiber to North American markets and to produce on a commercially viable scale. Mafic is looking to commercialise basalt fibers for a wide array of industrial applications because of their strength and ability to replace materials susceptible to corrosion. The material has been used for decades, but until now, it has been produced in limited quantities. Mafic's goal is to bring large-scale production of basalt fiber to the construction, automotive and thermal markets, among others.
- Mafic continues to require further capital to reach break even and profitability. We are hopeful that this can be achieved, however funding uncertainty remains.

ReNeuron Group

- In June 2020, ReNeuron Group announced positive data from its Phase 2a clinical trial of stem cell treatment for Retinitis Pigmentosa (RP).
- The Company also announced that it had received regulatory approval in both the US and UK to expand its Phase 2a clinical study to treat patients with RP at a higher dose level.
- The company expects to be able to seek approval in the second half of 2021 to commence a single pivotal clinical study with its stem cell therapy candidate in RP.
- ReNeuron raised £17.5 million in Q4 2020 to support these clinical studies.

Ombu

- In December 2020, it was announced that Hambro Perks, a UK venture firm and investment management platform, had agreed to acquire the entire issued share capital of Ombu Group Limited ("Ombu"), a specialist investor in early and growth stage environmental technologies, in which the Company is a minority shareholder.

Portfolio Manager's Review

- The transaction was financed by HP Environmental Technologies Fund LP ("HPET"), a newly established vehicle focussed on emerging environmental technologies with anchor investors which include Hambro Perks, Ombu's existing management team and several other private and institutional investors.
- The sale of Ombu facilitated a cash exit for several shareholders in Ombu, however, as Portfolio Manager we elected to contribute the Company's shareholding in return for a partnership interest in HPET. We deemed that the cash acquisition price offered to be more reflective of the shareholder dynamics surrounding Ombu, than a fundamental assessment of the portfolio value, so wanted to retain future value creation potential from this holding.
- It was anticipated that, based on the terms of the transaction, the Company's AIFM would revalue the holding to a valuation of £4.0 million implied by the acquisition price. However, following developments within the portfolio prior to period end the holding was revalued to £6.6 million as of 31 December 2020.

Spin Memory

- In July 2020, Spin Memory announced an extension of its Series B funding round, receiving additional investment of $8.25 million from its major investors including Arm, Applied Ventures, LLC (the venture capital arm of Applied Materials, Inc.) and Abies Ventures (Abies), as well as the company's founding investor, Allied Minds.
- During 2020, Spin was able to "tape out" the demonstration chip co-developed with Arm pursuant to its joint development agreement, entered in Q4 2018, representing the first time that Spin was able to demonstrate its Endurance Engine technology in silicon.
- Unfortunately, the work-from-home orders in the State of California due to COVID-19 delayed the required testing of the chip for nine months. The testing did commence in early Q4 2020, however this delay affected Spin's ability to secure new customers.
- So, coupled with an unexpected loss of a government bid in late Q4 2020, Spin is now facing significant liquidity issues which have sparked a new funding round impacting the holding valuation as at the year-end.

Ratesetter

- In September 2020, Metro Bank PLC completed the acquisition of Retail Money Market LTD ("RateSetter") for an initial consideration of £2.5 million, with additional consideration of up to £0.5 million payable 12 months after completion subject to the satisfaction of certain criteria and a further consideration of up to £9 million payable on the third anniversary of the completion of the transaction, subject to the satisfaction of certain key performance criteria.
- The acquisition did not include RateSetter's holding in RateSetter Australia (now Plenti Group) which was retained by RateSetter shareholders.

Source: Portfolio companies, including information disclosed publicly on their websites.

Outlook

As evidenced in this report, 2020 has been another challenging year for the Company on several fronts. However, within the constraints of the situation inherited at the time of our appointment, our focus as Portfolio Manager has remained resolutely on addressing the key objectives for 2020; (1) ensuring that the key value-creating portfolio companies receive the appropriate level of strategic support to maximize the Company's investment return, and (2) seeking proactively to pay down the debt obligations. Both objectives were designed to place the Company in a position to rebalance the sector and company weightings over the longer term. This process was made harder by external factors that created one of the most challenging market periods we have experienced in recent history. However, we feel that significant progress has been made over the last twelve months to transition the Company into a position of strength.

On the first of these two objectives, we are pleased with the progress achieved with several companies progressing towards important valuation creation events, both within the 2020 financial year but most notably post period-end. Key developments include the sale of Kymab to Sanofi, Inivata's strategic partnership and investment from NeoGenomics with an option to buy the company outright, the IPO of Immunocore on Nasdaq and Oxford Nanopore's intention to float. These developments improve both the outlook for the Company's NAV and the liquidity profile of the portfolio going forward. We also navigated the period within the financial constraints inherited, honouring the Company's existing financial commitments and selectively investing in new follow-on opportunities.

Secondly, on the pay down of the debt, we are excited to report that following the completion of both the Rosetta basket and Kymab sales generating gross proceeds of over £115 million, the Company is now in a net cash position having fully repaid its outstanding debt which stood at £113 million as of 31 December 2019. This represents a tremendous leap forward in the repositioning of the fund which will enable us to support the strongest opportunities within the Company's existing portfolio, whilst at the same time being able to invest into new high quality, high conviction opportunities, both public and private.

Our current aim is to invest in two new private companies and two new public companies during 2021, and we have started curating an exciting pipeline of innovative UK businesses for consideration. In this regard, our strategy will remain true to the Company's origins, leveraging our extensive sourcing capabilities in the public and private markets, but complemented by Schroder's structure of strict governance and control processes.

The core tenets of the Company's strategy will continue to be:

(1) **Focused on high quality UK innovation.** We will be looking to invest in world class innovative businesses founded in the UK. These will be companies with disruptive innovations, significant growth potential, high quality management teams and supported by highly credible co-investors. The significant weighting

to UK companies will continue to be a core strength given the opportunity set that we see in the market.

(2) **Mindful of diversification by stage and sector.** We will look to build out a balanced portfolio of venture, growth, and public companies across our core sectors. While we expect the existing portfolio to naturally transition from private to public investments, new private investments in the portfolio will typically be targeted at the 'growth' stage where the companies are already generating revenue with proven unit economics and scaling towards profitability. For the avoidance of doubt, we will not be looking to target early-revenue companies that require numerous rounds of further financing with a particular reliance on any one shareholder.

(3) **Prudent debt utilisation.** We intend to use the Company's debt facility prudently to improve operational efficiency and minimise return dilution. The facility will only be used on a short-term basis to fund expenses and investments, but only when there is visibility of paying down the incremental amount within twelve months from future realisations (based on a probability-weighted assessment). Lastly, it is the Company's intention to keep the loan balance below 10% of gross asset value. At the time of writing, the Company's revolving credit facility can provide additional liquidity of up to £55 million in addition to the Company's cash on hand.

Other areas of the strategy that we intend to consider in more depth in consultation with the Board include opportunities at the pre-IPO, cross-over stage between public and private markets, where the Company is uniquely positioned given its hybrid investment strategy, and more active implementation of sustainability as a tool to enhance value creation within the portfolio. As referenced in the Approach to Sustainability section of this report, we see active incorporation of ESG and alignment with the UN SDGs as an important part of the investment process and something that we will target when making new investments. We also intend to engage more deeply with portfolio companies to ensure that environmental, social and governance matters remain front of mind and help provide guidance on strategy and reporting in this regard.

In summary, while the scale of the reduction to the NAV reported in these annual results is clearly disappointing, from a forward-looking perspective we remain encouraged by the groundwork delivered over the period and excited by the opportunity to make new investments from a position of strength through 2021 and beyond.

Schroder Investment Management Limited

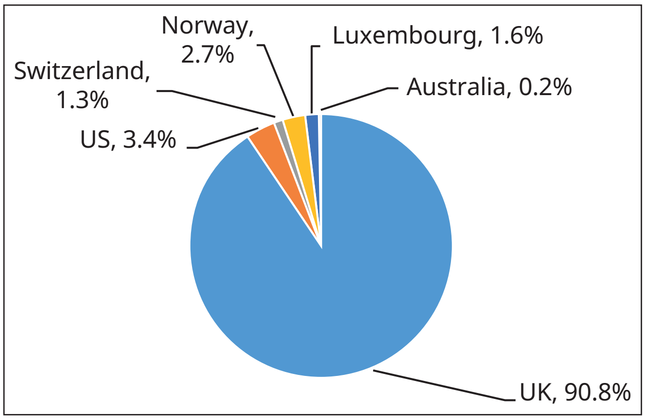
23 April 2021

Investment Portfolio as at 31 December 2020

Portfolio Composition

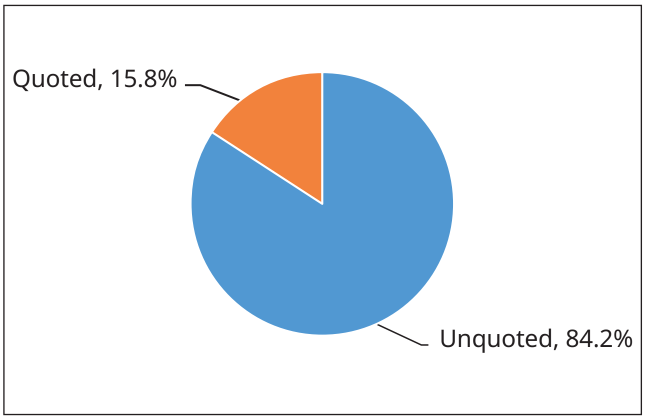
The following charts provide an overview of the Company's total investments as of 31 December 2020.

Portfolio by geography



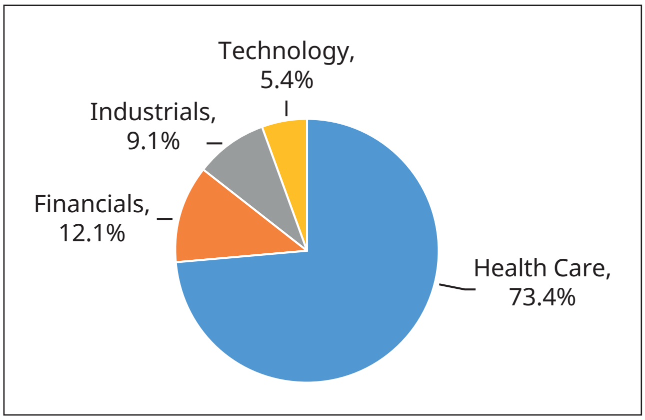
Source: LFS. Geographic split based on country of domicile.

Portfolio by quoted and unquoted companies



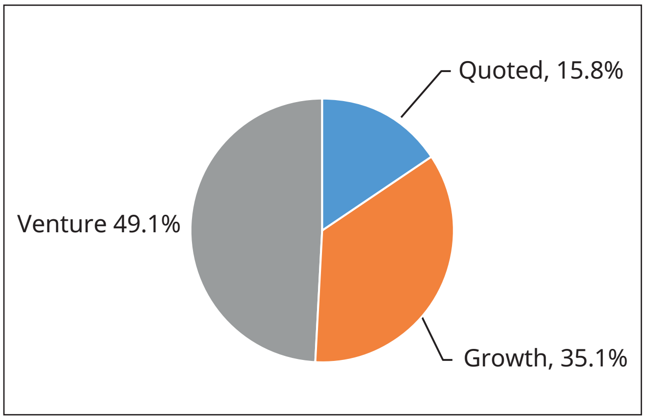
Source: LFS.

Portfolio by sector



Source: LFS.

Portfolio by stage



Source: LFS.

Strategic Report

Investment Portfolio as at 31 December 2020

The 20 largest investments account for 93.9% of total investments by value (31 December 2019: 88.7%).

Holding	Quoted/unquoted	Industry Sector	Fair value £'000	%
Kymab	Unquoted	Health Care	69,580	16.5
Oxford Nanopore	Unquoted	Health Care	68,707	16.3
Atom Bank	Unquoted	Financials	37,760	9.0
Rutherford Health	Quoted	Health Care	33,889	8.0
Inivata	Unquoted	Health Care	26,137	6.2
Immunocore	Unquoted	Health Care	25,570	6.1
BenevolentAI	Unquoted	Health Care	21,339	5.1
Reaction Engines	Unquoted	Industrials	12,500	3.0
IDEX Biometrics ASA	Quoted	Technology	11,466	2.7
AMO Pharma	Unquoted	Health Care	11,411	2.7
Carrick Therapeutics	Unquoted	Health Care	11,155	2.6
Autolus Therapeutics	Quoted	Health Care	10,830	2.6
Seedrs	Unquoted	Financials	9,459	2.2
Genomics	Unquoted	Health Care	8,793	2.1
Federated Wireless	Unquoted	Technology	8,527	2.0
Mafic	Unquoted	Industrials	6,812	1.6
HP Environmental Technologies Fund	Unquoted	Industrials	6,600	1.6
Cequr	Unquoted	Health Care	5,426	1.3
Nexeon	Unquoted	Industrials	4,994	1.2
Mission Therapeutics	Unquoted	Health Care	4,488	1.1
ReNeuron Group	Quoted	Health Care	4,222	1.0
Mereo BioPharma Group	Quoted	Health Care	4,052	1.0
Industrial Heat	Unquoted	Industrials	3,995	0.9
American Financial Exchange	Unquoted	Financials	2,735	0.6
Spin Memory	Unquoted	Technology	1,587	0.4
Econic	Unquoted	Industrials	1,440	0.3
Novabiotics	Unquoted	Health Care	981	0.2
Plenti Group	Quoted	Financials	959	0.2
OcuTerra (formerly Scifluor)	Unquoted	Health Care	873	0.2
Kuur Therapeutics	Unquoted	Health Care	850	0.2
Bodle Technologies	Unquoted	Technology	766	0.2
Origin	Unquoted	Health Care	656	0.2
Psioxus	Unquoted	Health Care	615	0.2
NetScientific	Quoted	Health Care	592	0.2
Xeros Technology	Quoted	Industrials	576	0.1
Metaboards	Unquoted	Technology	429	0.1
Lignia Wood	Unquoted	Industrials	318	0.1
RM2 International	Unquoted	Industrials	63	–

Investment Portfolio as at 31 December 2020

Holding	Quoted/unquoted	Industry Sector	Fair value £'000	%
Oxsybio	Unquoted	Health Care	–	–
Kind Consumer	Unquoted	Consumer Staples	–	–
Wath Investments	Unquoted	Industrials	–	–
Sphere Medical	Unquoted	Health Care	–	–
Precision Biopsy	Unquoted	Health Care	–	–
Metalysis	Unquoted	Industrials	–	–
Halosource	Unquoted	Industrials	–	–
Drayson	Unquoted	Technology	–	–
Total Investments[1]			**421,152**	**100.0**

[1]Total investments comprise:

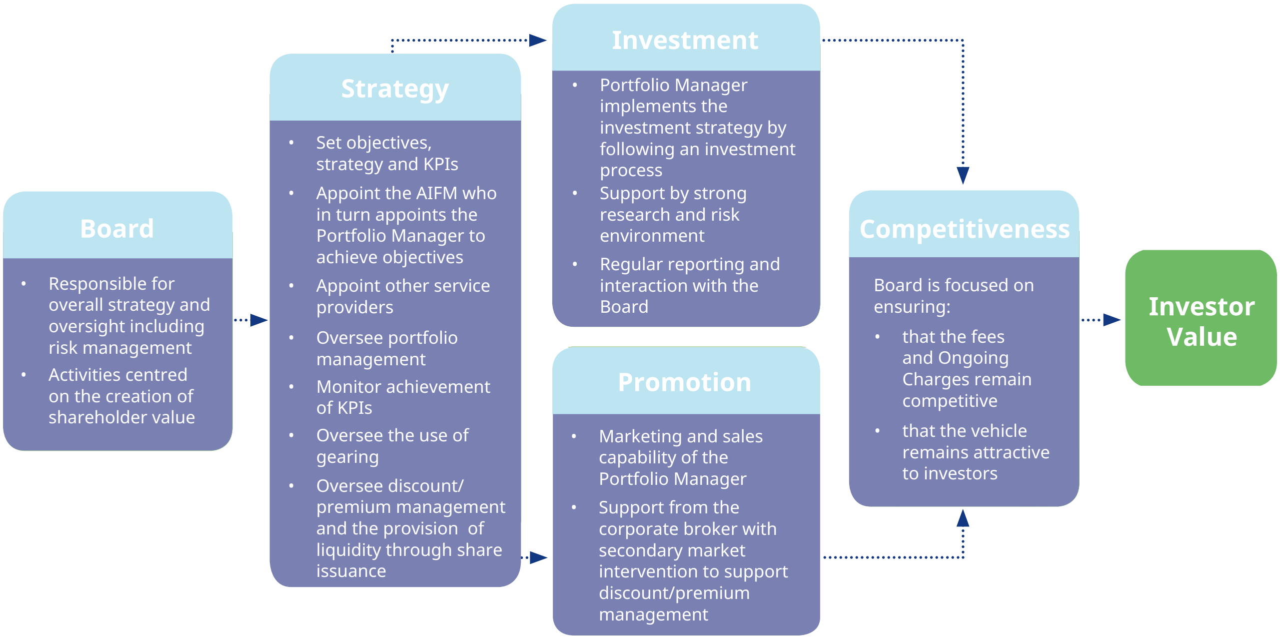
	£'000	%
Unquoted	354,566	84.2
Quoted on Aquis Stock Exchange	33,889	8.0
Listed on a recognised stock exchange overseas	23,255	5.5
Quoted on AIM	9,442	2.3
Total	**421,152**	**100.0**

Additional details of unquoteds, including investments quoted in inactive markets, in the top ten

Holding	Proportion of capital, owned, or potentially owned %	Turnover for the latest financial year £'000	Pre-tax profit for the latest financial year £'000	Net assets attributable £'000
Kymab Group	8	15,223	(40,414)	(20,148)
Oxford Nanopore	4	52,061	(80,484)	109,528
Atom Bank	15	46,512	(66,460)	196,143
Rutherford Health	26	5,606	(29,276)	167,513
Inivata	15	305	(23,016)	13,963
Immunocore	4	25,669	(126,189)	14,771
BenevolentAI	5	4,641	(59,684)	125,520
Reaction Engines	5	19,333	(14,311)	16,017
AMO Pharma	16	–	(3,164)	(1,079)

Strategic Review

The Strategic Review sets out the Company's strategy for delivering the investment objective (set out on the inside front cover), the business model, the risks involved and how the Board manages and mitigates those risks. It also details the Company's purpose, values and culture, and how it interacts with stakeholders.



Business model

The Board has appointed the Alternative Investment Fund Manager (AIFM), Link Fund Solutions Limited. The Board and the AIFM have agreed to appoint Schroders as Portfolio Manager, to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives and other financial instruments as appropriate. Their terms of the appointment are described more completely in the Directors' Report. The Portfolio Manager also promotes the Company using its sales and marketing teams. The Board, the AIFM and Portfolio Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above. The investment and promotion processes set out in the above diagram are described in more detail below.

Investment

Investment philosophy and approach

The Portfolio Manager aims to identify private equity investments which demonstrate an optimal combination of fast growing, high quality companies with strong management teams and co-investors, and public companies with innovative business models, a focus on organic growth and high quality management. They aim to achieve this by leveraging Schroders' comprehensive equity research capabilities, private equity sourcing network, proven due diligence processes and experienced investment professionals.

The Portfolio Manager believes that the Company's hybrid public private investment approach is well placed to identify and invest in such companies irrespective of their ownership structure. In addition to their expertise in identifying leading businesses for the decades ahead, Schroders will seek to benefit from their access to the best opportunities, public and private, through the reputation and the relationships they have fostered over many years.

Schroders employs a collaborative, team-based approach, combining skill, experience and research resources across both public listed equity and private equity.

Private investments are managed by Schroders' specialist private equity team, Schroder Adveq. Schroder Adveq has over 20 years' experience successfully investing in companies, both directly via direct co-investment and through funds. They manage over $11.7 billion of assets under management across several specialist strategies. The private portion of the Company's portfolio is managed by Tim Creed, Schroder Adveq's Head of European Private Equity. Tim is a member of the firm's Global Investment Committee and he is supported by a sizable team of private equity investment professionals that are committing a substantial amount of their time to the portfolio.

On the public equity side, Schroders is a UK market leader and will leverage stock selection expertise from across their public equities teams. Ben Wicks is responsible for the Company's public equity investments and draws on the wide experience of Schroders' public equity analysts and fund managers globally.

Investment process

Schroders' investment process combines the best of breed skills and experience that the firm has across both private and public equity. The Portfolio Manager believes that it is prudent to separate the investment process between private and public investments to reflect the clear differences in executing individual investments in the private versus public markets. However, portfolio construction and risk management are a joint effort between the private and public investment teams along with risk management to ensure a cohesive and robust portfolio.

Identifying attractive private equity investments through proactive deal sourcing is key to successful private equity investing. Therefore, the investment team spends considerable time on this activity by mining the firm's network of investment professionals and industry experts. Sourcing efforts are further enhanced by technology, including advanced proprietary tools, internal databases and third-party information services.

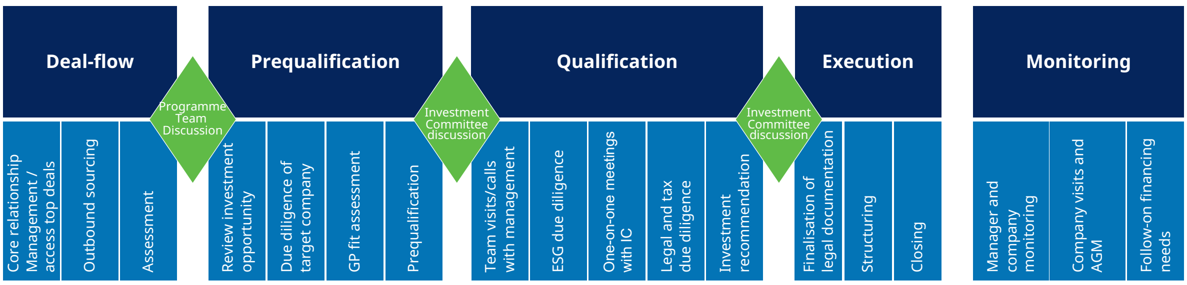
Each potential investment is logged in Schroder Adveq's IT system and systematically assessed with the findings presented in a standardised and structured form. The team can then decide collectively whether an investment opportunity is compelling enough to enter the prequalification stage and submitted to the Schroder Adveq Investment Committee for consideration. The Investment Committee consisting of Tim Creed (Schroder Adveq's Head of European Private Equity), Lee Gardella (Schroder Adveq's Head of Investment Risk and Monitoring), Rainer Ender (Schroder Adveq's Head of Private Equity) and Nils Rode (Schroder Adveq's Chief Investment Officer) is required to approve new company investment proposals.

Investment opportunities that enter the pre-qualification stage are assessed and vetted through a rigorous due diligence process. The due diligence process includes an assessment of the company's positioning, technology differentiation, market opportunity, competitive landscape, management execution and depth, strength of the existing financing syndicate and prospective financing needs. This culminates with either an investment recommendation to the Investment Committee or a decline by the team. Investment projects brought to the Investment Committee for approval need unanimous approval by the Investment Committee, in addition to being approved jointly by the portfolio managers, to proceed to the legal and formal investment closing process. The complete private equity investment process is outlined in the diagram above.

For existing portfolio company decisions, the Investment Committee has delegated responsibility for approving proposals to a dedicated SUPP Investment Committee consisting of Tim Creed and Lee Gardella.

Schroders selects public stocks for the Company based principally on ideas generated by their broad in-house research capability, but also by making selective use of their extensive network of contacts, and of sell-side research. The team looks for organic growth opportunities, with sustainable returns and high management quality, at a valuation that is supportive in the context of the liquidity and risk profile of a company. The portfolio managers at all times take a fundamental approach, seeking businesses that they believe are set to deliver good returns for the long-term.

Furthermore, the portfolio managers have a keen focus on risk management, which forms an integral part of the investment process. The managers have a particular focus on the financing needs of the privately held companies, the liquidity profile of the publicly listed holdings, as well as stock and sector concentrations. The size of each holding will be determined on the basis of the portfolio managers' investment conviction alongside an assessment of the risks associated with it. Meanwhile, portfolio construction is supported by a robust system of risk controls, while proprietary risk tools help the Portfolio Manager and the Board to understand the factors contributing to risk as well as to avoid unintended risk.



In order to add an extra layer of rigour to the investment process, the portfolio managers are held to account by an Oversight Committee, which meets at least quarterly or on demand. This committee comprises the senior risk and investment professionals at Schroders on both the public and private equity sides of the business and exists to ensure accountability from the portfolio management team with regard to risk control and the strategic direction of the portfolio at all times. The portfolio management team is expected to provide the committee with explanations for current risk exposures, describe any future intended state and the pathway to transition, outline current and future liquidity status, as well as discuss portfolio holding rationales.

ESG

The Board delegates responsibility for taking Environmental, Social and Governance (ESG) issues into account when assessing the selection, retention and realisation of investments to its Portfolio Manager, and monitors its application.

The Board expects the Portfolio Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. The Board expects the Portfolio Manager to exercise the Company's voting rights in consideration of these issues.

Strategic Review

In addition to the description of the Portfolio Manager's integration of ESG into the investment process and the details in the Portfolio Manager's Review, a description of the Portfolio Manager's policy on these matters can be found on the Schroders website at www.schroders.com/en/sustainability/active-ownership/. The Board receives reports from the Portfolio Manager on the application of its policy.

Schroders is compliant with the 2020 UK Stewardship Code and its compliance with the principles therein is reported on its website. The Board notes that Schroders has long recognised both the importance of examining the impacts of social and environmental trends on the companies they invest in, and the role investors can play in helping to address those challenges. That philosophy is reflected in their management of the Company and plans to develop the portfolio.

Details of how the Portfolio Manager has committed to integrating UN SDGs into enhanced ESG reporting across its private equity portfolios can be found in the Portfolio Manager's Report on pages 9 to 15.

Investment restrictions

The Company is subject to the following investment restrictions:

- the Company's portfolio shall be invested in a minimum of 30 holdings;
- the Company shall not invest more than 10 per cent of its NAV at the time of initial investment in an investee company save that the Portfolio Manager may make further investments into an investee company subject to an aggregate investment limit in any investee company of 20 per cent of NAV at the time of investment;
- the Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure, but such investment will be unleveraged and (other than in relation to investment in money market funds for the purposes of cash management) limited, in aggregate, to 10 per cent of NAV at the time of investment; and
- with respect to cash deposits, the Company shall not have exposure of more than 10 per cent of NAV, at the time of investment, to any one issuer.

Borrowing

The Company employs gearing of up to 20 per cent of NAV, calculated at the time of borrowing, for the purpose of capital flexibility, including for investment purposes. The Board oversees the level of gearing in the Company, and will review the position with the Portfolio Manager on a regular basis.

Hedging

It is currently not the Company's policy to hedge against currency risk, but the Portfolio Manager may, with the Board's consent and oversight, hedge against specific currencies, depending on their longer term view.

Cash management

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of debt securities and cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash position instead of being fully or near fully invested.

Promotion

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long-term supporters of the investment strategy. The Company seeks to achieve this through its Portfolio Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders.

These activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition, the Company's shares are supported by the Portfolio Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website. The Board also seeks active engagement with investors, and meetings with the Chair are offered to investors when appropriate.

Details of the Board's approach to discount/premium management and share issuance may be found in the Chair's Statement on page 4 and in the Explanation of Special Business of the AGM on page 78.

Key performance indicator

The Board measures the development and success of the Company's business through achievement of the Company's investment objective which is considered to be the most significant key performance indicator for the Company. Comment on performance against the investment objective can be found in the Chair's Statement.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is reviewed every quarter. Management and performance fees are reviewed at least annually by the Management Engagement Committee.

Purpose, Values and Culture

The Company's purpose is to achieve its investment objective through successful application of the investment policy.

The Company's culture is driven by its values: Transparency, Engagement and Oversight, which are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board also promotes the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, aims to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations on the environment and community.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board is responsible for embedding the Company's culture in its day to day operations and it has a number of policies and practices in place to facilitate this.

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers and other stakeholders to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reports from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy use reporting.

Corporate and Social Responsibility

Diversity

The Board consists of two female and four male non-executive directors. The Board acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. The following objectives for the appointment of directors have been established:

- all board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and
- long lists of potential non-executive directors should include diverse candidates of appropriate merit.

Bribery and corruption

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery and corruption policy, as well as seeking confirmations that the Company's service providers' policies are operating soundly. The possibility of financial crime is taken seriously by the Board and it has a zero tolerance for any such activity, including tax evasion and the facilitation of tax evasion.

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it consumed less than 40,000 kWh during the year and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Portfolio Manager. The Company communicates with shareholders through its webpages, announcements, press releases, webinars and the annual and half year reports which aim to provide shareholders with a clear understanding of the Company's activities and its results.

The Board's commitment to stakeholders – section 172 Companies Act 2006 statement

The Board has identified its key stakeholders as the Company's shareholders, service providers and investee companies. The Company has no employees and the impact of its own operations on the environment and local community is through the impact its service providers have.

Engagement with key stakeholders assists the Board in meeting the obligation for Directors to act in a way that promotes the success of the Company, taking into account their interests. This statement outlines this engagement and the impact on decision making where appropriate, and cross-refers to the decisions made by the Board during the year, detailed elsewhere in this report.

As detailed in "Promotion" and "Relations with Shareholders" on pages 24 and 25, the Company engages with its shareholders, and encourages their attendance at the AGM (in normal circumstances, when pandemic related restrictions on travel and meetings are not in force).

As detailed in "ESG" on pages 23 and 24, the Company endorses the Portfolio Manager's responsible investment policy and has received reporting from the Portfolio Manager about its application since the Portfolio Manager's appointment.

As detailed in "Purpose, Values and Culture" on page 25, the Board engages with service providers, and receives regular reporting , either directly, or through the Portfolio Manager or Company Secretary, on performance and other matters. The effect of such engagement, is detailed in the Chair's Statement, Portfolio Managers' Review and Management Engagement Committee Report.

Principal risks and uncertainties

The Audit, Risk and Valuation Committee has carried out a robust assessment of its principal risks during the period under review, including those that would threaten its business model, future performance, solvency, liquidity or reputation. The process involves the maintenance of a risk register, which identifies the risks facing the Company and assesses each risk on a scale, classifying the likelihood of the risk and the potential impact of each risk to the Company. This helps the Board focus on any identified risk of particular concern and aids the development of the Board's risk appetite. In developing the risk management process, the Board took into consideration the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council (FRC). The Board has established controls to mitigate the risks faced by the Company, which are reviewed on a regular basis to ascertain the effectiveness of each control.

The principal risks and uncertainties faced by the Company are set out below. The risks arising from the Company's financial instruments are set out in note 19 on pages 71 to 75.

COVID-19

The COVID-19 pandemic continues to have a very general widespread economic impact. While vaccinations may well allow a good economic recovery the longer-term impacts could also be significant, although these are unclear at the time of writing.

The consequences for the Company may well be lower valuation levels and greater difficulty in realising disposals and/or lower prices realised on disposal. Risks 1-6 listed below are all likely exacerbated by the COVID-19 pandemic.

The Board receives regular updates from the Portfolio Manager regarding the impact of the disease in terms of both portfolio management activities, the impact on investee companies and their responses to the pandemic. The Board also receives assurances that service providers have implemented business continuity plans.

Risk	Mitigation
1. General economic and market risk Besides COVID-19 there are many other factors which can affect the general economic outlook and thus the business prospects for investee companies and their valuations. In particular, the extraordinary economic measures adopted by governments globally in 2020 in response to COVID-19 to maintain economic activity may prove insufficient or misguided. Unanticipatedly low or high levels of inflation are both real possibilities with potentially material consequential impacts on valuations. In addition: Climate change can create sudden economic dislocations as a result of flooding, droughts, famines, civil war, etc. which in turn can have significant market impact; and Following a long period of strong equity market performance, and even more so in certain technology sectors, a sharp correction is possible. This could lead to lower valuation levels for both quoted and unquoted securities, a more difficult funding environment and difficulties for companies seeking initial public offerings (IPOs). Realisation of value may thus be postponed.	The Portfolio Manager keeps the Board fully briefed with their economic & market outlook. While the Portfolio Manager's style is to be a patient, longer-term and supportive investor, the Portfolio Manager is willing to take advantage of favourable market conditions to make disposals and to invest when market conditions are difficult. The aim is for the Company to be at least 90% invested at all times but the Company maintains a credit facility in order to take advantage of opportunities and may be up to 110% invested. The Company expects to continue to invest in particular situations and technologies whose business performance may have less correlation with the broader equity market. Over a full market cycle the expectation is the Company will be on average 100% invested. Thus, the Company will retain a reasonable element of market exposure. The Board believes that this approach aligns with shareholders' expectations and that investing in this asset class is not well suited to market timing.
2. Portfolio concentration risk Some of the Company's investments have demonstrated relatively more success and/or required more funding than others, which has led to those investments representing larger proportions of the portfolio than might be expected. While both the Board and the Portfolio Manager feel that undue concentration is not desirable in the longer term, in the shorter term, portfolio concentration can be acceptable. In any event, the nature of the investments means that any rebalancing of the portfolio will likely take time, as they cannot always be sold quickly. The Portfolio Manager, under delegated authority from the Board, has authority regarding portfolio construction	The Company's portfolio is monitored closely by the Board, the AIFM and the Portfolio Manager. The Company seeks to invest in a diversified portfolio across a wide range of companies so as to mitigate against the risk posed by an individual early-stage or early-growth company. However, the Board is mindful that the Company was established with the aim of providing long-term growth and that concentration can be a sign of success as a result of assets backed becoming more valuable. Short-term liquidity problems with the Company's underlying holdings, which may be compounded by market events, should be

Risk	Mitigation
2. Portfolio concentration risk (continued) and managing questions of portfolio concentration in the best interests of the shareholders. This approach is in line with the Portfolio Manager's investment strategy and investment philosophy. The alternative, of imposing limits on the size of any one investment, other than at the time of investment, would potentially result in the Company being a forced seller of an investment that still had further growth potential. The risk linked to any portfolio concentration might be compounded due to the nature of some of the businesses and the risks associated with both commercial and technical milestones.	mitigated over time when such companies deliver on their milestones and value is recognised. The Board also considers increased specific risk that may arise from increased concentration, as the result of the relative success of certain investee companies. The Board discusses this risk with the Portfolio Manager, and where appropriate with the AIFM, with a view to considering whether or not to seek to reduce the size of particularly large holdings within the portfolio. However, the Board is mindful that through the AIFM it has delegated investment management decisions to the Portfolio Manager to make as it sees fit. The Board regularly receives updates from the Portfolio Manager on the engagement the team is conducting with all investee companies to challenge them on delivery of value to investors and their proposed route to success. The Board can challenge the Portfolio Manager to engage more vigorously and/or seek partial disposals to reduce the risk of delayed or limited success by investee companies
3. Performance risk There is always, for any investment portfolio, the generic risk of poor performance arising as a result of poor decisions made by the Portfolio Manager. In addition, given the long-term nature of this investment strategy (up to 10 years) and the absence of a clear benchmark, it is not necessarily easy to make an evaluation of the Portfolio Manager based simply on returns over shorter periods.	This risk is mitigated by the Board monitoring the performance of the portfolio and the decisions made by the Portfolio Manager through detailed reporting on the decisions. The Board seeks to evaluate the general quality and nature of portfolio decisions as well as the performance. Where the Board determines that the Portfolio Manager is not performing to a satisfactory standard, the Board, together with the AIFM for the portfolio, may decide to terminate the appointment of the Portfolio Manager under the terms of its contract.
4. General valuation risk The valuation of unquoted early stage companies is inherently subjective. Valuation at a fixed point in time may not be representative of the medium or longer term. Particular events at a company or particular funding rounds may have a significant impact. Information may not be as widely available as with public companies. Companies may not yet have meaningful revenues or profits. Considerable uncertainty may exist around the eventual feasibility and value of a particular technology or its commercialisation.	The Company employs LFS, the AIFM, who has been delegated responsibility for the valuation of the assets in the portfolio. LFS, in turn, uses extensive research and input from its own valuation specialist provider, IHSMarkit. They conduct a regular rolling review of the valuation of all portfolio assets and also review their valuations in the event of any significant triggers at individual investee companies. They follow the widely respected and widely followed IPEV guidelines in executing these valuations; these processes are explained on pages 62 and 63 of this Report.
5. Portfolio specific valuation risk Where other portfolio managers seek to make disposals of securities held in portfolios they manage and these securities are also held by the Company, the valuation of these securities may thereby be affected. Equally, simply market anticipation of these disposals may also impact valuations.	The Board receives updates from the Portfolio Manager regarding disposal, investment and funding plans. In as much as the Portfolio Manager is aware of the holdings the Fund is seeking to sell (because these were publicly disclosed), the Portfolio Manager can adjust the divestment plan accordingly. In addition, where necessary and possible, the Portfolio Manager can seek to postpone or avoid further funding. The Portfolio Manager regularly categorises the Company's positions in terms of relative future importance, which helps the Board assess divestment and funding decisions.

Risk	Mitigation
5. Portfolio specific valuation risk (continued) As the new Manager of the LF Equity Income Fund (the "Fund"), formerly the LF Woodford Equity Income Fund, which used to be managed by the Company's previous Portfolio Manager, seeks to make disposals of unquoted positions in the Fund, in order to return capital to investors, these disposals may also, indirectly, when the Company's independent valuation agent, LFS, references prices of recent transactions, lead to downward revaluation of some of the Company's holdings. In as much as the wider market and other investors in the Company's investee companies are also aware of the disposal process of the Fund they may seek more demanding terms on any future funding rounds which may also in turn impact valuations.	
6. Investee company specific risk The Company invests in a variety of biopharma and technology businesses, many of them relatively early stage, where the technology is not yet fully proven or commercialised. This can offer very significant financial success when the technology delivers but also carries downside risks particular to the companies concerned. The eventual outcome for some of these companies may be somewhat binary in as much as either the technology works, or it does not, resulting in the company concerned becoming worth significantly less. Failure may materialise, for instance, in the case of clinical trials for a biotechnology business, in the case of scaling up or commercialisation of an engineering business or in terms of the appearance of a new, previously unknown competitor for a software company. Leading edge commercial scientific development in many fields is by its nature risky. The performance of the Company's individual holdings, together with market events, may thus create short-term volatility in the Company's NAV.	The Portfolio Manager conducts regular reviews of these businesses through engaging regularly with all investee companies to monitor progress. The Portfolio Manager also carries out due diligence on the relevant technologies and obtains regular updates. The Portfolio Manager uses its own proprietary analytics to assess the prospects for investee companies and may also seek expert third party opinions regarding the likely success of the technology. The Board seeks assurance from the Portfolio Manager through its regular portfolio review meetings that thorough research has been, and is being, conducted. The Board can challenge the Portfolio Manager to engage more vigorously and/or seek partial disposals to reduce the risk of delayed or limited success by investee companies.
7. Gearing risk The Company has the ability to employ gearing up to a maximum of 20 per cent of NAV, calculated at the time of borrowing. The Company has utilised its gearing facility in order to invest further behind specific portfolio companies which means there is less flexibility to make new investments and provide follow-on funding to the portfolio companies. A higher level of gearing may have a significant downside effect on the Company's NAV during a period of poor performance or decline in the market and may impact the Company's debt covenants. A significant downturn in the values of equity market assets, which also impacts the valuations of unquoted assets, could mean it is significantly more difficult to realise disposals or that the prices that can be realised are materially below the current carrying values. Thus, this may also trigger a need to renegotiate the debt facility or simply affect valuation levels.	The Board receives regular reports from the Administrator on the outstanding amount of the debt and regular reports from the Portfolio Manager on the programme of disposals. Gearing is reviewed by the Board at each Board meeting and more often, as necessary. The Portfolio Manager provides weekly updates to the debt provider. The Board monitors the progress of the reduction in gearing and seeks to confirm with the Portfolio Manager that this process is nevertheless preserving shareholder value. The Portfolio Manager also provides a thorough analysis of any anticipated funding decisions and possible liquidity events of the portfolio companies. This allows the Board to assess the Company's ability to meet its commitments and maintain its financing facility. When loan facility terms are being reconsidered, the Board works very closely with the Portfolio Manager to optimise any agreement.

Risk	Mitigation
7. Gearing risk (continued)	In January 2021, the Company extended its credit facility to 30 January 2023. The commitment under the facility was reduced to £107.03 million, in-line with the amount drawn under the facility at that time and consistent with the Company's intention to reduce borrowings. In March 2021, the commitment under the facility was reduced to £60 million and was converted to a revolving credit facility. In April 2021, the balance under the revolving credit facility was paid in full and converted to a £55 million revolving credit facility. Further details are included in note 22 to the Accounts on page 76. The Board views the reduction in the loan balance as a significant mitigation of gearing risk.
8. Portfolio Manager and key man risk The Portfolio Manager operates a team approach to portfolio management and decision making so the risk arising from the departure of one or more of the Portfolio Manager's key investment professionals should not necessarily prevent the Company from achieving its investment objective. The Portfolio Managers' resources could become stretched through the launch of new products or team departures leading to a lack of focus on the Company's portfolio. The Portfolio Manager could terminate its contract with the Company. This event would have an impact on the management of the portfolio and would constitute a technical default on the debt facility, requiring renegotiation or substitution, likely on less favourable terms.	The Portfolio Manager has a compensation and incentive scheme to retain key staff and has developed a suitable succession planning programme, which seeks to ease the impact that the loss of a key investment professional may have on the Company's performance. The Portfolio Manager will notify any change in its key professionals to the Board at the earliest possible opportunity and the Board will be made aware of all efforts made to fill a vacancy. Furthermore, investment decisions are made by a team of professionals, mitigating the impact of the loss of any key professional within the Portfolio Manager's organisation on the Company's performance. Recent experience suggests that the Board would be able to identify an alternative Portfolio Manager should the need arise.
9. Outsourced service provider risk The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is reliant upon the performance of third-party service providers for its executive function. The AIFM, the Portfolio Manager, the Depositary, the Company Secretary and the Administrator will be performing services that are integral to the operation of the Company. Failure of any of its third-party service providers to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company. Furthermore, any of the Company's service providers could terminate their contract.	The performance of the Company's service providers is monitored closely by the Board and in particular by the Management Engagement Committee. The Management Engagement Committee monitors service providers and their activities. Each of the service providers has a notice period so as to allow an alternative to be appointed. The controls and operations of each service provider, other than the Company Secretary and Portfolio Manager, are subject to a detailed analysis of their operations, which includes testing their key systems to identify any weaknesses, by independent auditors on at least an annual basis. The findings of each review are detailed in assurance reports, copies of which are provided to the Audit, Risk and Valuation Committee for its review, so that it can gain a greater understanding of the risk management processes and how they apply to the Company's business. The Directors also received confirmation from the AIFM, Portfolio Manager, depositary and custodian, and the registrar on the arrangements for working during the COVID-19 pandemic lockdown.

Risk	Mitigation
10. Currency risk In as much as the Portfolio Manager now no longer seeks to hedge non-sterling currency exposures through forward foreign exchange contracts and some of the Company's investments are based wholly or partly outside the UK or have revenues in currencies other than sterling then the value of the portfolio, in sterling terms, may be affected negatively by a rise in sterling relative to these other currencies and, equally, positively by a fall in sterling.	The Portfolio Manager regularly reports to the Board and highlights any significant impacts of currency movements on the value of investments.
11. Cyber risk Each of the Company's service providers is at risk of cyber attack, data theft, service disruption, etc. While the risk of financial loss by the Company is probably small, the risk of reputational damage and the risk of loss of control of sensitive information is more significant, for instance a GDPR breach. Many of the Company's service providers and the Board often have sensitive information regarding transactions or pricing and information regarded as inside information in regulatory terms. Data theft or data corruption per se is regarded as a lower order risk as relevant data is held in multiple locations.	The Board receives controls reports from its service providers which describe the protective measures they take as well as their business recovery plans. In addition, the Board received presentations from the Portfolio Manager, on cyber risk and the additional steps it and its service providers were taking during the COVID-19 pandemic and the need for employees to work from home.

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit, Risk and Valuation Committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the Audit, Risk and Valuation Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report or the controls reports that were received from all service providers and reviewed by the Committee. The Board is therefore satisfied that it has undertaken a detailed review of the risks facing the Company.

Strategic Review

Going Concern

The Board has considered the Company's principal risks and uncertainties (including whether there are any emerging risks); has scrutinised the detailed cash flow forecast prepared by the Portfolio Manager; and considered their assessment of the likelihood and quantum of funds which could be raised from sales of investments. The Portfolio Manager has also performed a range of stress tests, and demonstrated to the Board that even in an adverse scenario of depressed markets and restrictions on sales in the private equity market, the Company could still generate sufficient funds from sales of investments to meet its liabilities over the next twelve months. As a result, the Board is comfortable that the Company will have sufficient liquid funds to pay operating expenses.

The Board has also considered the provisions in the new revolving credit facility, and have taken into account that the outstanding loan balance has been fully repaid after the accounting date.

On this basis, the Board considers it appropriate to adopt the going concern basis of accounting in the Company's accounts, and has not identified any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of these financial statements.

Viability Statement

The Board has assessed the prospects of the Company over the five-year period ending 31 December 2025. The Board considers a five-year period to be appropriate because it is the minimum holding period that it would recommend to a prospective investor considering purchasing shares in the Company.

The Board has considered the Principal Risks set out on pages 26 to 30 and detailed cash flow forecasts prepared by the Portfolio Manager, and stress case scenarios, including the possibility of breach of its loan covenants.

The Board believes that the portfolio will provide shareholders with satisfactory returns from the investment portfolio over a five-year period and that there will be continued demand for the Company's shares.

Although there may well be short term strains arising from the current economic crisis driven by the COVID-19 pandemic, and some companies in the portfolio may be severely affected, the portfolio's exposure to healthcare companies which may benefit from the pandemic will help to provide a balance. Based on current understanding, as with other pandemics, the impact will diminish over time and the opportunities arising from investing in new innovative businesses will remain. It should therefore be possible for the new Portfolio Manager to have moved materially to implement the new strategy within a five-year timeframe.

Having considered all of the Company's resources, strategy, risks and probabilities, the Board has a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due, during the five year period to 31 December 2025.

By order of the Board

Schroder Investment Management Limited
Company Secretary

23 April 2021

Board of Directors

Susan Searle

Status: independent non-executive Chair

Length of service: Six years – appointed a Director on 13 February 2015
Experience: Susan served as the chief executive of Touchstone Innovations plc (formerly Imperial Innovations plc) from January 2002 to July 2013, where she led funding rounds totalling circa £250m. During her tenure, Touchstone Innovations invested £121m in a portfolio of healthcare, engineering and software businesses linked to major universities.

Previously she was chair of Mercia Asset Management plc and worked at Montech in Australia (science commercialisation), Signet Group plc, Bank of Nova Scotia and Shell Chemicals in a variety of business development and commercial roles. Susan currently serves as a non-executive director of both Benchmark Holdings plc and QinetiQ Group plc and was until recently a senior independent director of Horizon Discovery Group plc, prior to its acquisition by PerkinElmer, Inc. in December 2020. Susan has an MA in Chemistry from Oxford University.
Engagement and Nomination Committees
Current remuneration: £46,000 per annum
Number of shares held: 211,062

Raymond Abbott

Status: independent non-executive director

Length of service: One year – appointed a Director on 1 October 2019
Experience: Raymond has strong experience in the investment trust sector and possess expertise in early stage technology investments. Raymond is currently the chairman of Foresight 4 VCT plc, Scottish Building Society and Integrated Environmental Solutions Ltd and is chair of the advisory panel for the North East Fund. Raymond is an accountant by background, beginning his career at KPMG before pursuing a career in venture capital and private equity, latterly as managing director, Alliance Trust Equity Partners. He has experience as a board director and a fund manager with an emphasis on private equity. Prior to commencing his career, Raymond graduated from the University of Edinburgh.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination Committees
Current remuneration: £30,000 per annum
Number of shares held: 100,000*

Scott Brown

Status: independent non-executive director

Length of service: Six years – appointed a Director on 13 February 2015
Experience: Scott is chief executive of Nexeon Limited, an Imperial College spin-out focused on developing silicon anode technology for next generation Li-ion battery technology. During his tenure, he has led the change in the company's strategy to successfully move from an IP licensing business model to one of material production and supply. Previously, Scott was executive vice president at Cambridge Display Technology (CDT), responsible for commercial and IP activities of the company. Prior to CDT, Scott was global R&D director for the electronic materials business at Dow Corning (now a wholly-owned subsidiary of Dow Chemical), a US-headquartered multinational corporation with over US$6bn in annual revenues. Scott holds a PhD in Chemistry, an MBA and is a Fellow of the Royal Society of Chemistry.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination Committees
Current remuneration: £30,000 per annum
Number of shares held: 78,269*

Board of Directors

Stephen Cohen

Status: independent non-executive director

Length of service: One year – appointed a Director on 28 June 2019
Experience: Stephen has extensive asset management and fund experience. He spent the bulk of his career at Mercury Asset Management where he led both investment teams and business units. He has been actively involved with open-end and closed-end funds, in multiple jurisdictions, for over 30 years. He is currently the chair of the audit committee at JPMorgan Japan Investment Trust plc. Stephen is also a Commissioner at the Gambling Commission and a Council Member at the Health & Care Professions Council. Stephen is a graduate of the University of Oxford.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination Committees (Chairman of Audit, Risk and Valuation Committee)
Current remuneration: £40,000 per annum
Number of shares held: 309,737*

Tim Edwards

Status: independent non-executive director

Length of service: Appointed a Director on 26 February 2021
Experience: Tim is a Chartered Accountant with a background in corporate finance and venture investing. Previously, Tim was a member of the governing Board of InnovateUK, the UK's innovation agency, a director of the UK Cell and Gene Therapy Catapult and chair of the UK BioIndustry Association. Tim is currently chairman of Karus Therapeutics Limited and Storm Therapeutics Limited, and a director of AstronauTX Limited and Record plc.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination Committees
Current remuneration: £30,000 per annum
Number of shares held: 0

Jane Tufnell

Status: senior independent non-executive director

Length of service: One year – appointed a Director on 2 September 2019
Experience: Jane has spent the majority of her career at Ruffer Investment Management, which she co-founded in 1994 where she worked until 2014. She is currently chair of Odyssean Investment Trust PLC and ICG Enterprise Trust PLC and a senior independent director of Record PLC. Jane is a graduate of the University of Cambridge.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination Committees (Chair of Management Engagement and Nomination Committees)
Current remuneration: £35,000
Number of shares held: 500,000

*Shareholdings are as at 23 April 2021, full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 45.

Governance

Directors' Report

The Directors (listed on pages 32 and 33) present their report and audited financial statements of the Company for the year ended 31 December 2020.

Directors and officers

Chairman and Senior Independent Director

The Chair, Susan Searle, is independent and the Board considers that she has sufficient time to commit to the Company's affairs.

There is a clear division of responsibility between the Chair, the Directors, the Portfolio Manager and the Company's other third-party service providers. The Chair is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.

Jane Tufnell is the Board's Senior Independent Director (SID). She acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair by the independent directors.

The documents setting out the roles of the Chair and SID are available on the Company's webpages.

Company Secretary

Schroder Investment Management Limited provides company secretarial support to the Board and is responsible for assisting the Chair with board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the outside back cover.

Role and operation of the Board

Under the leadership of the Chair, the Board of Directors is collectively responsible for the long-term success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Strategic Report on pages 2 to 25 sets out further detail on the Company's strategy and future developments, and also includes other information required to be included in the Directors' Report, which is incorporated by reference.

At each board meeting the Directors follow a formal agenda, which includes a review of the Company's NAV, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. The Board monitors compliance with the Company's objective, investment policy, borrowing and hedging policies and reviews the investment strategy. The Board regularly receives reports from the Portfolio Manager on marketing and investor relations. The proceedings at all board and committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes.

The Board meets regularly throughout the year and representatives of the Portfolio Manager are in attendance, when appropriate, at each meeting and most committee meetings. The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes setting the Company's strategy, appointing the Portfolio Manager and setting the overall investment objectives within which the Portfolio Manager is free to operate.

Prior to each board and committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company and all Directors have timely access to all relevant management, financial and regulatory information.

The terms and conditions of the appointment of Directors are formalised in letters of appointment, copies of which are available on request from the Company Secretary. None of the Directors has a contract of service with the Company nor has there been any other contract arrangement between the Company and any Director at any time during the year. Directors are not entitled to compensation for loss of office.

The Directors have access to independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Conflicts of interest

The Articles of Association provide that the Directors may authorise any actual or potential conflict of interest that a Director may have, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and, in such circumstances, they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each board meeting. A schedule is maintained of each Board member's potential conflicts of interest.

Board committees

In order to assist the Board in fulfilling its governance responsibilities, it has delegated certain functions to committees. The roles and responsibilities of these committees, together with details of work undertaken during the year under review, are outlined over the next few pages.

The reports of the Audit, Risk and Valuation Committee, Management Engagement Committee and Nomination Committee are incorporated into and form part of the Directors' Report.

Internal control review

The Directors are responsible for the systems of internal control relating to the Company and the reliability of the financial reporting process, and for reviewing their effectiveness. An ongoing process has been established for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of the signing of this report.

Directors' Report

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the period and up to the date of approval of the report and financial statements. Details of this review can be found on pages 26 to 30. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified. The risks arising from the Company's financial instruments are set out in note 19 on pages 71 to 75.

Key service providers

The Board has adopted an outsourced business model and has appointed the following key service providers:

Portfolio Manager

Under the terms of the Portfolio Management Agreement dated 13 December 2019, a fee is payable to the Portfolio Manager quarterly in arrears effective from 13 March 2020. The fee is calculated and accrued daily based on the Company's market capitalisation. The fee is payable at a rate of the aggregate of 1.0% per annum of the market capitalisation up to £600 million, and 0.8% per annum of market capitalisation over £600 million.

A performance fee may be payable to the Portfolio Manager based on the achievement of a performance target, but no performance fee will be payable until 31 December 2022. For the "Initial Performance Period", Schroders will be eligible to a fee of 15% of any excess of the "Adjusted NAV per Share" above 77p. Thereafter, for each "Performance Period", a performance fee of 15% of any performance above a "Target NAV per Share" will be payable.

The agreement may be terminated by the AIFM or Portfolio Manager providing six months' written notice, such notice not to be served earlier than 18 months from 13 December 2019.

The Board has adopted an outsourced business model and has appointed the following other key service providers:

AIFM

Link Fund Solutions Limited, a UK-based company authorised and regulated by the Financial Conduct Authority (FCA), has been appointed as the Company's AIFM for the purposes of the AIFMD. The AIFM monitors the Portfolio Manager of the Company and ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The AIFM agreement can be terminated by either party by providing three months' written notice. Details of all amounts payable to Link Fund Solutions Limited are given in note 16 on page 70.

Depositary

The Company's depositary is Northern Trust Global Services SE (the depositary), a company authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and PRA. The Northern Trust Company (as a delegate of the depositary) provides custody services to the Company. In addition to safekeeping of custodial assets, the depositary is responsible for verifying asset ownership of all other assets, together with the collection of income, and to oversee that the Company is run in accordance with the FCA's Investment Funds Sourcebook. The fee payable to the depositary is based on the Company's net assets. The fees throughout the period under review equated to 0.01 per cent of the first £10 billion of the Company's net assets (exclusive of VAT and out-of-pocket expenses) and a fee of 0.0075 per cent on all assets over £10 billion. The depositary agreement can be terminated by either party by providing six months' written notice.

Administrator

Northern Trust Global Services SE (the administrator), a company authorised and regulated by the FCA, has been appointed as the administrator of the Company. The administrator is responsible for the Company's general administrative functions, such as the calculation of the NAV and maintenance of the Company's accounting records. The fee payable to the administrator is based on the Company's net assets. The fees for the period under review equated to 0.02 per cent of the Company's net assets (exclusive of VAT and out-of-pocket expense). The administration agreement can be terminated by either party by providing six months' written notice.

Registrar

Link Group has been appointed as the Company's registrar. Link's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions.

Compliance with the AIC Code of Corporate Governance

The Company is committed to maintaining high standards of corporate governance and considers that reporting against the principles and recommendations of the Association of Investment Companies (AIC) Code of Corporate Governance issued in February 2019 (the AIC Code), provides better information to shareholders as it addresses all the principles set out in the 2018 UK Corporate Governance Code (the UK Code), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts, and is endorsed by the Financial Reporting Council (FRC).

The terms of the FRC's endorsement mean that AIC members who report against the AIC Code meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules. The AIC Code is available from the AIC website at theaic.co.uk. A copy of the UK Code can be obtained at frc.org.uk.

Directors' Report

The Board has reviewed the principles and provisions of the AIC Code and considers that it has complied throughout the year with the exception of establishing a separate remuneration committee. The Nomination Committee, chaired by the Senior Independent Director Jane Tufnell, reviews Directors' remuneration and makes recommendations to the Board. The Board's application of the principles and provisions are detailed throughout this Directors' Report and the Committee Reports which follow.

Other required Directors' Report disclosures under laws, regulations, and the AIC Code

Status of the Company

The Company was incorporated in England & Wales on 26 January 2015 and started trading on 21 April 2015, immediately upon the Company's listing. It is an investment company within the meaning of Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Sections 1158/1159 of the Corporation Tax Act 2010 (CTA) and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs approved the Company as an investment trust upon its listing. In the opinion of the Directors, the Company has conducted its affairs so that it is able to maintain its status as an investment trust. The Company is not a close company within the meaning of the provisions of Section 439 of the CTA and has no employees.

Revenue and dividend

The Directors do not propose the payment of a dividend in respect of the year ended 31 December 2020 (2019: nil).

Share capital and substantial interests

As at the date of this report, the Company has 908,639,238 ordinary shares in issue. There are no other classes of shares in issue and no shares are held in treasury.

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no shares that carry specific rights with regard to the Company. The shares are freely transferable. There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares. The Company does not have a fixed life nor is the Company subject to a continuation vote as can sometimes be required of investment companies in accordance with their Articles of Association. Each share ranks equally for any distribution made on a winding up.

The total number of voting rights in the Company as at the date of this report is 908,639,238. At the AGM held on 5 June 2020, the Company was granted authority to make market purchases of up to 136,205,021 ordinary shares of 1p each for cancellation or holding in treasury. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 136,205,021 ordinary shares. This authority will expire at the forthcoming AGM and shareholders will be asked to approve renewal of this authority, as well as the Company's authority to issue shares on a non pre-emptive basis.

As at 31 December 2020, the Company has received notifications in accordance with the FCA Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in three per cent or more of the voting rights attaching to the Company's issued share capital.

	As at 31 December 2020	Securities lending*	Percentage of total voting rights
BlackRock, Inc	89,319,647	1,949,000	10.04%
City of London Investment Management Company Ltd	90,981,597		10.00%
Momentum Global Investment Management Ltd	45,894,000		5.05%

**Securities lending is the act of loaning a stock, derivative or other security to an investor or firm.*

The Company was notified on 6 January 2021 that City of London Investment Management Company Ltd's interest in the Company had decreased to 89,896,672 shares, representing 9.9% of total voting rights. There have been no other changes in share interests notified to the Company since 31 December 2020 and the date of this report.

Change of control

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

Directors' attendance at meetings

The table below sets out the Directors' attendance at the scheduled Board and Committee meetings held during the year ended 31 December 2020, against the number of meetings each Board and Committee member was eligible to attend.

	Board	Audit, Risk and Valuation Committee	Management Engagement Committee	Nomination Committee
Susan Searle	4/4	4/4	1/1	1/1
Raymond Abbott	4/4	4/4	1/1	1/1
Scott Brown	4/4	4/4	1/1	1/1
Stephen Cohen	4/4	4/4	1/1	1/1
Jane Tufnell	4/4	4/4	1/1	1/1

In addition to the scheduled meetings above all Directors attended the following meetings:

- The Board met once during the year for a whole day to review and focus on the Company's strategy.
- The Board met once to consider its succession policy and form a Nomination Committee.

Directors' Report

- Additional meetings on the Audit, Risk and Valuation Committee were held to consider the annual report for the year ended 31 December 2019 in light of the COVID-19 pandemic.

Directors' and Officers' liability insurance and indemnities

Directors' and Officers' liability insurance cover is in place for the Directors. Under the Company's Articles of Association, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. This indemnity was in force during the year and remains in force as at the date of this report. Apart from this, there are no third-party indemnity provisions in place for the Directors.

Post year-end events

Post balance sheet events are disclosed in note 22 on pages 76 and 77 of the financial statements.

Audit information

As required by Section 418 of the Companies Act 2006, the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps required of a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

Schroder Investment Management Limited
Company Secretary

23 April 2021

Audit, Risk and Valuation Committee Report

The responsibilities and work carried out by the Audit, Risk and Valuation Committee during the year under review are set out in the following report. The duties and responsibilities of the Committee may be found in the terms of reference which are set out on the Company's webpages. Membership of the Committee is as set out on pages 32 and 33. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience and that, the committee as a whole has competence relevant to the sector in which the Company operates. The Committee's effectiveness was assessed, and judged to be satisfactory, as part of the Directors' annual review of the Board and its committees.

The Committee met four times during the year and discharged its responsibilities by:

- considering its terms of reference;
- reviewing the operational controls maintained by the AIFM, Portfolio Manager, depositary and registrar;
- reviewing quarterly net asset value announcements and the half year and annual reports;
- reviewing the audit plan and engagement letter of for the annual report;
- reviewing internal controls reports from service providers;
- reviewing the independence of the auditor;
- evaluating the auditor's performance and monitoring the requirements for rotation of the auditor;
- reviewing and approving the remuneration of the auditor; and
- reviewing the principal risks faced by the Company and the system of internal control.

Annual report and financial statements

During the year ended 31 December 2020, the Committee considered the following issues, including principal risks and uncertainties in light of the Company's activities and issues communicated by the auditor during its review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
Valuation of the investment portfolio, including the unquoted holdings	The Company's assets are principally invested in quoted and unquoted equities. The Committee reviewed internal control reports from the AIFM in the year, reporting on the systems and controls around the pricing and valuation of securities. The Committee notes that quoted investments are valued using stock exchange prices provided by third-party financial data vendors, unless trading volume would indicate that price is not a reliable valuation. In such cases, the asset will be subject to fair value as if it were an unquoted holding. In respect of the unquoted holdings, at each meeting the Committee reviews a report on the revaluations undertaken on the unquoted holdings during the period and challenges the considerations and key assumptions made where appropriate, to ensure that the valuations are accurate. During the period under review, the Committee has also reviewed the process in place to ensure the accurate valuation of unquoted holdings on an ongoing basis. The Committee has also considered the work of the AIFM's Fair Value Pricing Committee, which takes inputs from the Portfolio Manager and IHSMarkit (who act as an independent valuation adviser), which considers the pricing of the unquoted holdings. The Committee also reviewed and considered the findings arising from interim review and annual audit reports from Grant Thornton UK LLP (Grant Thornton) and sought assurances on any differences observed by Grant Thornton between the values ascribed by LFS and as assessed by Grant Thornton.
Overall accuracy of the annual report and accounts	Detailed reviews of the draft annual report and accounts completed by all Committee members as well as the Company's various service providers.
Calculation of the investment management fee	Consideration of methodology used to calculate the fee, matched against the criteria set out in the Portfolio Management Agreement.

Audit, Risk and Valuation Committee Report

Issue considered	How the issue was addressed
Internal controls and risk management	Consideration of several key aspects of internal control and risk management operating within the AIFM, Portfolio Manager, depositary and registrar, including assurance reports on their controls.
Compliance with Section 1158 of the CTA	The Committee receives assurance from the Company's administrator that the Company has been in compliance with Section 1158 of the CTA. This is other than the monitoring of close company status, which is monitored by way of an alert that has been set up by the Company's registrar to notify the Company Secretary should more than 0.5 per cent of shares change hands
Risk of misappropriation of assets and unsecured ownership of investments and management override of controls	The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are raised by the Depositary and reported by the AIFM to the Board.
Going Concern determination	The current debt agreement provides for full repayment of the debt in 2023. The Board receives regular updates from the Portfolio Manager on the various sales programs under active consideration, as to timing, probability and quantum; as well as updates on their regular discussions with the debt provider. In addition, the Committee has considered the Company's principal risks and uncertainties; has scrutinised the detailed cash flow forecast prepared by the Portfolio Manager; and considered their assessment of the likelihood and quantum of funds which could be raised from sales of investments. The Portfolio Manager has also performed a range of stress tests, and demonstrated to the Committee that even in an adverse scenario of depressed markets and restrictions on sales in the private equity market, the Company could still generate sufficient funds from sales of investments to meet its liabilities over the next twelve months.

Recommendations made to, and approved by, the Board

As a result of the work performed, the Committee has concluded that the annual report and accounts for the year ended 31 December 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 47.

Audit, Risk and Valuation Committee Report

Effectiveness of the independent audit process

The Committee monitors the auditor's objectivity and independence on an ongoing basis. In determining the auditor's independence, the Committee has assessed all relationships with the auditor and received confirmation from the auditor that it remained independent and that it had implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards. The Committee has also received confirmation that no issues of conflict had arisen during the period. The Committee is therefore satisfied that Grant Thornton is independent.

The Committee monitors and reviews the effectiveness of the external audit process on an annual basis and makes recommendations to the Board on the auditor's re-appointment, remuneration and terms of engagement.

The Committee has reviewed the letter of engagement from Grant Thornton and agreed that it reflected the services outlined in the annual audit plan for the year.

The Committee has met with the audit team and assessed Grant Thornton's performance to date. The review has involved an examination of the auditor's remuneration, the quality of its work, including the quality of the audit report, the quality of the audit partner and audit team, the qualifications and expertise of the audit firm and the resources available to it, the identification of audit risk, the planning and execution of the audit, and the terms of engagement. The Committee has also reviewed feedback from service providers in respect of the conduct of the audit for the year ended 31 December 2020. The Committee was satisfied that Grant Thornton had carried out its duties effectively. Accordingly, the Committee has recommended to the Board that it proposes to shareholders via an ordinary resolution that Grant Thornton be re-appointed as auditor at the AGM. Grant Thornton has confirmed its willingness to continue in office.

The Committee has direct access to the Company's auditor and provides a forum through which the auditor reports to the Board. Representatives of the auditor attend the Committee meetings regularly.

Independent auditor

The Company's external auditor, Grant Thornton, was appointed prior to the listing of the Company in 2015 and is therefore in its sixth year of tenure. Under the FRC's ethical standards applicable to public interest entities, the Company is required to re-tender, at the latest, by 2025. The Committee intends to re-tender within the timeframe set by the FRC.

During the period under review, the Company's appointed audit partner was Mr Marcus Swales. Mr Swales has significant experience in the audit of investment trusts. In accordance with UK legislation, the audit partner must rotate at least every five years and this will therefore be the last year in which Mr Swales leads the audit of the annual report. The audit fees for the period under review can be found in note 3 to the accounts on page 65.

Provision of non-audit services

The Committee has reviewed and implemented a policy on the engagement of the auditor to supply non-audit services.

During the year ended 31 December 2020, the auditor has not provided any non-audit services. During the year ended 31 December 2019, the auditor reviewed the Company's half-year accounts for the period ended 30 June 2019. The fee for this non-audit service was £248,000 and the fee paid for the audit of the annual report and accounts for the year ended 31 December 2019 was £250,000. Therefore, the ratio of non-audit to audit fees was 1:1 for 2019.

It was agreed that all requests for non-audit services to be provided by the auditor should be submitted to the Committee and will include a description of the services to be rendered and an anticipated cost. Following the annual review of this policy, the Committee has concluded that it still remains appropriate.

Stephen Cohen
Audit, Risk and Valuation Committee Chairman

23 April 2021

Recommendations made to, and approved by, the Board:

- That Grant Thornton be re-appointed as auditor and the Committee be authorised to determine its remuneration.

Management Engagement Committee Report

The Management Engagement Committee is responsible for (1) monitoring and evaluating the Portfolio Manager's investment performance and compliance with the terms of the Portfolio Management Agreement, and confirming its ongoing suitability; and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All Directors are members of the Committee and it is chaired by the SID, Jane Tufnell. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/publicprivatetrust.

Approach

Oversight of the Portfolio Manager

The Committee:

- reviews the Portfolio's Manager's performance, over the short- and long-term, against peer group and the market.
- considers the reporting it has received from the Portfolio Manager throughout the year, and the reporting from the Portfolio Manager to the shareholders.
- assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Portfolio Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Portfolio Manager.

Oversight of other service providers

The Committee reviews the performance and competitiveness of the following service providers on at least an annual basis:

- AIFM
- Depositary and custodian
- Corporate broker
- Registrar

The Committee also receives a report from the Company Secretary on ancillary service providers, and considers any recommendations.

The Committee noted the Audit, Risk and Valuation Committee's review of the auditor.

Application during the year

The Committee undertook a detailed review of the Portfolio Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term.

The Committee reviewed the management fee structure and confirmed that they remained appropriate.

The Committee also reviewed the terms of the AIFM agreement and agreed they remained fit for purpose.

The Committee reviewed the other services provided by the Portfolio Manager and agreed they were satisfactory.

The annual review of each of the other service providers was satisfactory.

The Committee noted that the Audit, Risk and Valuation Committee had undertaken a detailed evaluation of the Portfolio Manager, registrar, and depositary and custodian's internal controls.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Portfoilo Manager on the terms of the portfolio management agreement was in the best interests of shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

Governance

Nomination Committee Report

The Nomination Committee is responsible for (1) the recruitment, selection and induction of Directors; (2) their assessment during their tenure and their fees; and (3) the Board's succession. Jane Tufnell is the Chair of the Committee and all Directors are members. Its terms of reference are available on the Company's webpages, www.schroders.co.uk/ukpublicprivate.

Oversight of Directors

Selection → Induction → Annual evaluation → Annual review of succession policy → Application of succession policy

Approach

Selection and induction	Board evaluation and Directors' fees	Succession
• Committee prepares a job specification for each role, which is shared with an independent recruitment firm. For the Chairman and the chairs of committees, the Committee considers current Board members too. • Job specification outlines the knowledge, professional skills, personal qualities and experience requirements. • Potential candidates assessed against the Company's diversity policy. • Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board. • Committee reviews the induction and training of new Directors.	• Committee assesses each Director annually and considers whether an internal or external evaluation should take place. • Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs. • Following the evaluation, the Committee provides a recommendation to shareholders with respect to the annual re-election of Directors at the AGM. • All Directors retire at the AGM and their re-election is subject to shareholder approval. • Committee reviews Directors' fees, taking into account comparative data and reports to shareholders. • Any proposed changes to the remuneration policy for Directors discussed and reported to shareholders.	• Having considered diversity and the need for regular refreshment the Board's policy is that Directors' tenure, including the Chairman of the Board, will be for no longer than nine years, except in exceptional circumstances, and that each Director will be subject to annual re-election at the AGM. • Committee reviews the Board's current and future needs at least annually. Should any need be identified the Committee will initiate the selection process. • Committee oversees the handover process for retiring Directors.

For application, see page 43

Nomination Committee Report

Application during the year

Selection and induction

- During the year, the Nomination Committee was formed and a job specification was drafted to assist with identifying a candidate to succeed Susan Searle as Chair of the Board ahead of her upcoming retirement at the Company's AGM.
- An independent director search consultancy (Nurole Ltd) with no other connections to any Director was engaged to assist with the identifying candidates and providing a diverse long-list of individuals suitable to succeed the incumbent Chair. The Committee interviewed candidates and met following the year end to recommend the appointment of Tim Edwards to the Board. Tim was selected due to a number of his attributes, key of which is his experience with healthcare and private companies. The Committee agreed this background would complement the existing skills and experience of the Board following a consideration of such by the Committee in November 2020.
- Tim Edwards was appointed by the Board following the Committee's recommendation and will stand for election at the Company's AGM.
- On appointment, Directors receive a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars.

Board evaluation and Directors' fees

- Board composition materially changed in 2019 and following the appointment of Schroders as Portfolio Manager and the appointment of Tim Edwards to the Board in 2021, the Committee agreed that a Board evaluation should be deferred to 2021.
- The Committee reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to be independent in character and judgement. Both Jane Tufnell and Tim Edwards are independent non-executive directors of Record plc. The Committee does not consider this cross-directorship as an impediment to either Directors' independence due to the non-executive nature of their roles on each Board. Mr Edwards was selected from a diverse list of candidates provided by an independent agency and his appointment was approved unanimously by the Board.
- The Committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each Director had valuable skills and experience, as detailed in their biographies on pages 32 and 33.
- Based on its assessment, the Committee provided individual recommendations for each Director's re-election at the AGM.
- The Committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees, remain unchanged, as detailed in the Directors' Remuneration Report.

Succession

- The Committee believes it is important for appropriate new skills to be brought to the Board and will continue to look to refresh Board composition in two to three year intervals.

Recommendations made to, and approved by, the Board:

- That Tim Edwards be appointed as a Director and as Chairman of the Board following Susan Searle's retirement at the AGM.
- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, contribute towards the Company's long-term sustainable success, and remain free from conflicts with the Company and its Directors, so should all be recommended for re-election by shareholders at the AGM except for Susan Searle, who is retiring at the AGM and is not recommended for re-election.

Directors’ Remuneration Report

Statement from the Senior Independent Director

I am pleased to present the Directors’ Remuneration Report for the year ended 31 December 2020.

The Company’s auditor is required to verify certain information within this report as part of its statutory audit per the Companies Act 2006. Where information set out below has been audited, it is indicated as such.

As at 31 December 2020 and the date of this report, the Board consists entirely of independent non-executive directors and the Company has no employees.

For 2021 the Board has reviewed current levels of remuneration paid and has agreed that there will be no increase in Directors’ fees.

An ordinary resolution to approve the Directors’ Remuneration Report will be put to shareholders at the forthcoming AGM to be held on Friday, 4 June 2021.

Directors’ remuneration policy

An ordinary resolution to approve the Directors’ remuneration policy was duly passed at the Company’s AGM held on 16 May 2019. The remuneration policy will apply until next put to shareholders for renewal, which must be at intervals of not more than three years, or the remuneration policy is varied, in which event shareholder approval for the new remuneration policy will be sought. Any new directors appointed will be remunerated in accordance with the approved remuneration policy.

The full version of the approved remuneration policy can be found in the Annual Report for the year ended 31 December 2018, available on the Company’s webpages.

The key elements of the remuneration policy are summarised below:

- The fees for the Board as a whole are limited to £500,000 per annum in accordance with the Company’s Articles of Association.
- Directors’ fees are set to reflect the experience and responsibilities of the Board and the time commitment required, and to ensure that the Company can attract individuals of a suitable calibre appropriate to promote the long-term success of the Company.
- Board members are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits. No other payments are made to Directors, other than reasonable expenses for attending to the Company’s affairs and nothing is payable to the Directors by way of exit payment or loss-of-office compensation.
- Shareholders have the opportunity to express their views in respect of Directors’ remuneration at the AGM. Any comment will be carefully considered by the Board.
- Remuneration is reviewed on an annual basis with reference to comparable organisations and appointments.
- No Director is involved in making decisions relating to their individual remuneration.
- An externally-facilitated review of remuneration is carried out every three years.
- None of the Directors has a service contract with the Company; they are all engaged under letters of appointment.

	Expected fees for the year to 31 December 2021	Fees for the year ended 31 December 2020
Chair	£46,000	£46,000
Senior Independent Director and Chair of the Management Engagement and Nomination Committees	£35,000	£35,000
Chairman of the Audit, Risk and Valuation Committee	£40,000	£50,000*
Non-executive director	£30,000	£30,000

* From the date of his appointment on 28 June 2019, Stephen Cohen was paid £80,000 per annum to reflect the enlarged role and additional time commitment required from his appointment up to the appointment and transition to Schroders as Portfolio Manager. From 1 April 2020, his remuneration was reduced to £40,000 per annum.

Directors' Remuneration Report

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the year ended 31 December 2020 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 2, under the heading "Financial highlights".

	Fees 2020 £	2019 £	Annual Percentage change
Susan Searle (Chair)	**46,000**	46,000	0.0%
Raymond Abbott[1]	**30,000**	7,500	+300.0%
Scott Brown	**30,000**	30,000	0.0%
Stephen Cohen[2]	**50,000**	40,308	+24.0%
Carolan Dobson[3]	**–**	15,000	-100.0%
Steven Harris[4]	**–**	24,981	-100.0%
Alan Hodson[5]	**–**	12,523	-100.0%
Louise Makin[6]	**–**	22,500	-100.0%
Jane Tufnell[7]	**35,000**	11,102	+215.3%
	191,000	209,914	-9.0%

[1]Appointed as a Director on 1 October 2019.
[2]Appointed as a Director on 28 June 2019.
[3]Resigned as a Director on 28 June 2019.
[4]Resigned as a Director on 30 September 2019.
[5]Resigned as a Director on 16 May 2019.
[6]Resigned as a Director on 1 October 2019.
[7]Appointed as a Director on 2 September 2019.

The information in the above table has been audited.

The table below compares the remuneration payable to Directors, to distributions made to shareholders during the year under review and the prior year. In considering these figures, shareholders should take into account the Company's investment objective.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	% Change
Remuneration payable to Directors	**191**	210	-9.0
Distributions paid to shareholders	**–**	–	–

Directors' interests (audited)

There is no requirement for any Director to own shares in the Company. The interests of the Directors in the shares of the Company are set out below:

	31 December 2020	31 December 2019
Susan Searle	**151,062**	151,062
Raymond Abbott	**27,075**	27,075
Scott Brown	**78,269**	78,269
Stephen Cohen	**309,737**	309,737
Jane Tufnell	**280,000**	280,000

Since 31 December 2020, the following changes to the above holdings have been disclosed:

On 29 January 2021, Raymond Abbott purchased 72,925 shares and now holds 100,000 shares.

On 29 January 2021, Jane Tufnell purchased 220,000 shares and now holds 500,000 shares.

On 1 February 2021, Susan Searle purchased 60,000 shares and now holds 211,062 shares.

Voting at AGM

At the AGM held on 16 May 2019, 98.34% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the remuneration policy were in favour, while 1.65% were against. 494,360 votes were withheld.

At the AGM held on 5 June 2020, 99.75% of the votes cast (including votes cast at the Chair's discretion) in respect of approval of the remuneration report for the year ended 31 December 2019 were in favour, while 0.25% were against. 309,516 votes were withheld.

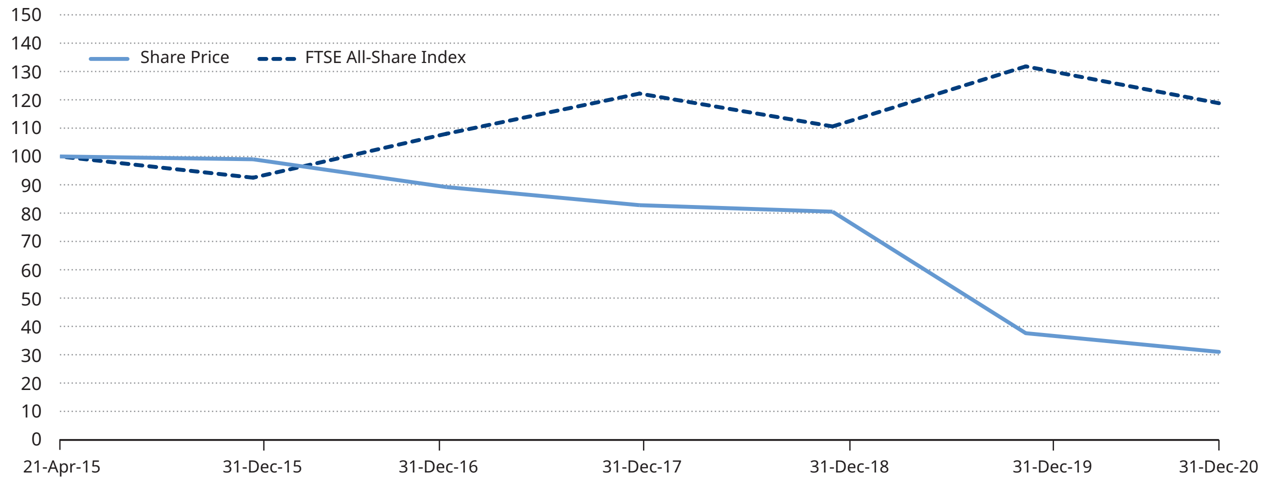
Directors' Remuneration Report

Company performance

The graph below shows the total return to shareholders compared to the total shareholder returns of the FTSE All-Share Index during the period since inception. This index has been selected as the most relevant, although there is no listed index that is directly comparable to the Company's portfolio.

Performance graph since 21 April 2015 (launch date)

Share price total return versus FTSE All-Share Index total return for the period from 21 April 2015 to 31 December 2020.



Source: Morningstar/Thomson Reuters. Rebased to 100 at 21 April 2015. Definitions of terms and performance measures are provided on page 84.

Approval of the annual report on remuneration

The annual report on remuneration was approved by the Board on 23 April 2021.

On behalf of the Board

Jane Tufnell
Senior Independent Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law, 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 as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the report of the Audit, Risk and Valuation Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules.

The Directors have delegated responsibility to the Portfolio Manager for the maintenance of the Company's corporate and financial information included on its web pages. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 32 and 33, confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company; and
- the Strategic Report contained in the annual report and financial statements include 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.

The AIC Code of Corporate Governance requires directors to ensure that the annual report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit, Risk and Valuation Committee advises on whether it considers that the annual report and financial statements fulfil these requirements. The process by which the Audit, Risk and Valuation Committee has reached these conclusions is set out in its report on pages 38 to 39. As a result, the board has concluded that the annual report and financial statements for the year ended 31 December 2020, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of Directors by:

Susan Searle
Chair

23 April 2021

Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Schroder UK Public Private Trust plc (the 'Company') for the year ended 31 December 2020, which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement, and notes to the financial statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its net loss 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. 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 listed 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 going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease or continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

Our approach to the audit

Overview of our audit approach

Overall materiality: £5,725,242, which represents 1.8% of the company's net assets.

Key audit matters were identified as:

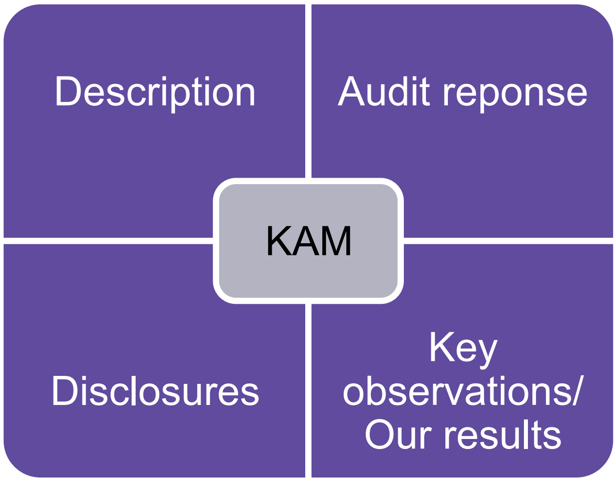
- Valuation of Level 1 quoted investments; and
- Valuation of Level 3 quoted and unquoted investments; and
- Going concern assumption.

Our auditor's report for the year ended 31 December 2019 included no key audit matters that have not been reported as key audit matters in our current year's report.

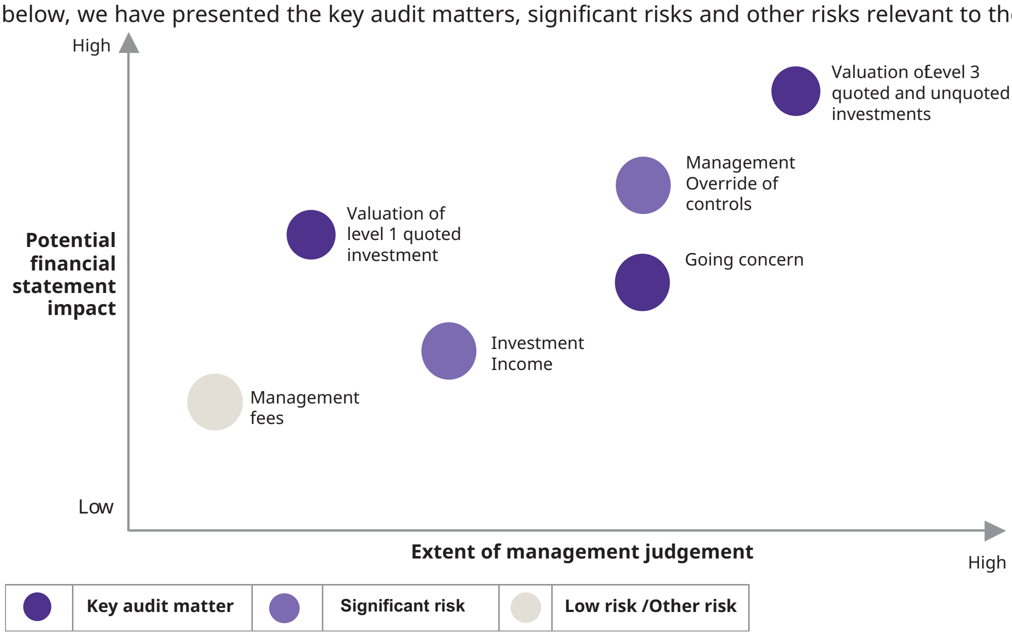
Our audit approach was a risk-based substantive audit focused on the investment activities of the company. There was no change in our approach from the prior year.

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 that 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

Key audit matter	How our scope addressed the matter
Valuation of Level 1 quoted investments We identified the valuation of Level 1 quoted investments as one of the most significant assessed risks of material misstatement due to error. In accordance with the Company's long-term objectives, the company holds a significant portfolio of Level 1 quoted investments. These investments represent 7.76% or £32,697,000 (2019: 9.5% or £53,476,000) of the Company's total investments of £421,152,000 (2019: £561,115,000). Incorrect asset pricing of these investments held by the company could have a material impact on its portfolio of investments and Net Asset Value. As such we identified valuation of Level 1 quoted investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: – assessing the design and implementation of the processes and controls in place at the Company's administrators in relation to the investment valuation process; – assessing the appropriateness of the Company's accounting policy on investment valuation and whether it was in accordance with the financial reporting framework, including FRS 102, and checking its consistent application; – agreeing the valuation of all level 1 quoted investments to externally quoted prices; and – testing that investments were trading in an active market by checking the trading volumes around the year end
Relevant disclosures in the Annual Report and Accounts The Company's accounting policy on valuation of investments is shown in note 1(b) to the financial statements and related disclosures are included in note 8. The Audit, Risk and Valuation Committee identified valuation of the investment portfolio, including the unquoted holdings as a significant issue in its report on page 38 where the Audit, Risk and Valuation Committee also described the action that it has taken to address this issue.	**Our results or Key observations** Our audit work did not identify any material misstatements relating to the valuation of quoted investments.

Key audit matter	How our scope addressed the matter

Valuation of Level 3 quoted and unquoted investments
We identified valuation of Level 3 quoted and unquoted investments as one of the most significant assessed risks of material misstatement due to error.
In accordance with the company's long-term objectives, the Company holds a significant portfolio of Level 3 investments, which are valued using inputs which are unobservable. These investments represent 92.24% or £388,455,000 (2019: 90.5% or £507,639,000) of the company's total investments of £421,152,000 (2019: £561,115,000).
Valuations of unquoted investments are subjective and can include judgements and subjective estimates. These include the valuation methodology to be used and key input assumptions such as discount rates and probability weightings on possible outcome scenarios.
The subjective nature and complexity inherent in the process introduces a risk that the fair value measurements of these unquoted companies may not be accurate.
As such we identified valuation of Level 3 quoted and unquoted investments as a significant risk, which was one of the most significant assessed risks of material misstatement.
	Our audit work included, but was not restricted to:
	– assessing the appropriateness of the Company's accounting policy on investment valuation and whether it was in accordance with the financial reporting framework, including FRS 102, and checking its consistent application year on year;
	– assessing the design and implementation of the processes and controls in place at the Alternative Investment Fund Manager (AIFM) in relation to the investment valuation process for Level 3 investments;
	– assessing the qualifications, experience and expertise of the Company's AIFM and its outsourced service provider (collectively the 'valuers') to prepare investment valuations on behalf of the Company;
	– obtaining an understanding of the performance of investee companies against milestones and any relevant funding rounds in the year which may affect the fair value of these investments through discussions with the investment manager and research of publicly available information;
	– assessing post year-end realisations and their impact on valuations at the year-end;
	– assessing whether the valuation methodologies used by the valuers were in accordance with International Private Equity and Venture Capital Valuation Guidelines and FRS 102; and
	– using our internal valuation specialists to assess the appropriateness of key judgements and assumptions used in the valuations. Specifically:
	  – assessing the appropriateness of the valuation models used by the valuers;
	  – challenging the valuers on the appropriateness of the key assumptions used in the valuations, such as the discount rates used, the probability weightings applied and potential outcome scenarios; and
	  – checking the mathematical accuracy of the models and obtaining corroborative information to support inputs where applicable.

Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

Key audit matter	How our scope addressed the matter
Relevant disclosures in the Annual Report and Accounts The Company's accounting policy on valuation of investments is shown in note 1(b) to the financial statements and related disclosures are included in note 8. The Audit, Risk and Valuation Committee identified valuation of the investment portfolio, including the unquoted holdings as a significant issue in its report on page 38 where the Audit, Risk and Valuation Committee also described the action that it has taken to address this issue.	**Our results** Our audit work did not identify any material misstatements relating to the valuation of unquoted investments.
Going concern assumption We identified going concern as one of the most significant assessed risks of material misstatement. The Directors are required to prepare the financial statements on a going concern basis unless they intend to liquidate the Company or have no realistic alternative but to do so. The Directors are required to consider the ability of the Company to meet its financial obligations as they fall due for a period of at least 12 months from the date of the approval of the financial statements. The Company's total gross value of investments at the year-end is £421,152,000 and, as at 31 December 2020 had a debt facility of £107,032,000 due for repayment in January 2021. Furthermore, the outbreak of Covid-19 and the resulting economic and financial markets impact could have a significant adverse impact on the performance of the company. This could potentially lead to improper application of the going concern assumption. As such we identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included but was not restricted to: – obtaining management's forecasts that support the board's assessment and conclusions with respect to the continued adoption of the going concern basis of accounting and ascertained that this covered at least a twelve month period from the date of approval of the financial statements; – obtaining support for and assessed the impact of significant post year-end events which formed a key part of management's assessment. The post year-end events include realisations of a number of unquoted assets as well as the renewal of the Company's debt facility; – evaluating management's base case forecast and stress tested scenarios and challenged key underlying assumptions; and – checking disclosures included in the financial statements in relation to the going concern assumption are in accordance with FRS 102. In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from COVID-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.
Relevant disclosures in the Annual Report and Accounts The Company's accounting policy on going concern and the related disclosure is shown in note 1(a) to the financial statements. The Audit, Risk and Valuation Committee identified going concern as a significant issue in its report on page 39 where the Audit, Risk and Valuation Committee also described the action that it has taken to address this issue.	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report. Our audit work did not identify any significant issues that the going concern assumption is incorrectly applied.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

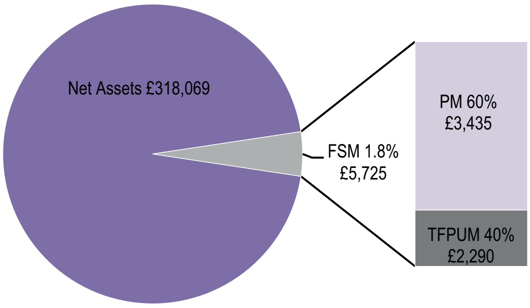
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£5,725,242 which is 1.8% of company's net assets.
Significant judgements made by auditor in determining the materiality.	In determining materiality, we made the following significant judgements: – The selection of an appropriate benchmark; – The selection of an appropriate percentage to apply to that benchmark; and – The consideration of other qualitative factors. Net assets is considered the most appropriate as it represents a key financial metric used to measure the performance of the Company and is of primary interest to the users of the financial statements Materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 to reflect the decrease in the Company's net assets.
Significant revision of materiality threshold that was made as the audit progressed	During the course of the audit, we reassessed initial materiality and updated its calculation for the actual net assets at the year end. This resulted in a decrease of materiality to that calculated at the planning stage of the audit due to a decrease in the valuation of investments.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£3,435,145 which is 60% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: – the engagement team's experience of the audit in previous years; – the internal controls framework at the service; and – prevalence of any issues identified in the past.
Significant revision of performance materiality threshold that was made as the audit progressed	During the course of the audit, we reassessed initial materiality as the net assets of the Company decreased as a result of a decrease in the valuation of investments. This resulted in a decrease in performance materiality.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality threshold	– We determined a lower level of specific materiality for the following areas – Investment management fees and finance cost; and – Related party transactions including Director's remuneration
Communication of misstatements to the audit, risk and valuation committee	We determine a threshold for reporting unadjusted differences to the audit, risk and valuation Committee
Threshold for communication	£286,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality (£'1000)



FSM: Financial statements materiality

PM: Performance materiality

TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Company's business and in particular matters related to:

Understanding the company and its environment, including controls

- Periodically attending Audit, Risk and Valuation Committee meetings in order to document our understanding of the Company's investment valuation process, review of controls and UK Corporate Governance Code requirements;
- Obtaining an understanding of the Company and its control environment and assessing the risk of material misstatement;
- Obtaining an understanding of the relevant controls in place at the third-party service providers. This included documenting the description and design effectiveness of internal controls at the custodian and administrator; and
- Performing walkthrough tests to assess design effectiveness of internal controls in relation to valuations of unquoted investments at the Alternative Investment Fund Manager (AIFM).

Work to be performed on financial information of the Company (including how it addressed the key audit matters)

Performing substantive audit procedures on specific transactions and material balances and disclosures. The extent of this testing was based on various factors such as the control environment and our overall risk assessment. Performance of our audit

- An audit of the financial information of the Company was undertaken using the financial statement materiality (full-scope audit);
- we identified valuation of quoted and unquoted investments as key audit matters and the procedures performed in respect of these have been included in the key audit matters section of our report;
- Changes in approach from previous period; and
- There have been no changes in the scope of current year's audit from the scope of the audit in prior year.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

Independent Auditor's Report to the Members of Schroder UK Public Private Trust plc

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 the Directors' Report.

Matters on which we are required to report by exception

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.

Corporate governance statement

The Listing Rules require us to review the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

– the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

– the Directors' explanation in the Report and Accounts as to how they have assessed the prospects of the Company, 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 Company 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.

– the Directors' statement that they consider the Report and Accounts 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.

– the Directors' confirmation in the Report and Accounts that they have carried out a robust assessment of the principal and emerging risks facing the company including the impact of Brexit and COVID-19 and the disclosures in the Report and Accounts that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated including the impact of Brexit and COVID-19.

– the section of the report and accounts that describes the review of the effectiveness of the Company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and

– the section of the Report and Accounts describing the work of the Audit, Risk and Valuation committee, including significant issues that the Audit, Risk and Valuation committee considered relating to the financial statements and how these issues were addressed.

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

– We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: The Companies Act 2006, the UK Corporate Governance Code, the SORP and the relevant provisions of HMRC's regulations applicable to an Investment Trust Company. We enquired of management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes for the year. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud;

– In assessing the potential risks of material misstatement, we obtained an understanding of the Company's operations, including the nature of its investments, its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;

– In assessing the appropriateness of the collective competence and capabilities of the engagement team to identify or recognise non-compliance with laws and regulations, the engagement partner considered the engagement team's:

  – understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;

  – the specialist skills required in relation to valuation of unquoted investments; and

  – knowledge of the industry in which the client operates.

– We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

  – identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

  – challenging assumptions and judgements made by management in its significant accounting estimates;

  – identifying and testing journal entries, in particular manual journal entries made at year end for financial statement preparation; and

- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

We did not identify any key audit matters relating to irregularities, including fraud.

Other matters which we are required to address

Following the recommendation of the Audit, Risk and Valuation Committee, we were appointed by the Board and approved at the Annual General Meeting on 24 February 2015 to audit the financial statements for the year ending 31 December 2015 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the periods ending 31 December 2015 to 31 December 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 our audit.

Our audit opinion is consistent with the additional report to the Audit, Risk and Valuation 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.

Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 April 2021

Income Statement for the year ended 31 December 2020

	Note	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Losses on investments held at fair value through profit or loss		–	(126,095)	(126,095)	–	(421,175)	(421,175)
Losses on derivative contracts		–	–	–	–	(9,373)	(9,373)
Losses on foreign exchange		–	(193)	(193)	–	(1)	(1)
Total return		–	(126,288)	(126,288)	–	(430,549)	(430,549)
Portfolio management fee	2	(1,923)	–	(1,923)	–	–	–
Other administrative expenses	3	(1,240)	–	(1,240)	(3,115)	–	(3,115)
Net loss before finance costs and taxation		(3,163)	(126,288)	(129,451)	(3,115)	(430,549)	(433,664)
Finance costs	4	(1,909)	–	(1,909)	(2,841)	–	(2,841)
Net loss before taxation		(5,072)	(126,288)	(131,360)	(5,956)	(430,549)	(436,505)
Taxation	5	–	–	–	–	–	–
Net loss after taxation		(5,072)	(126,288)	(131,360)	(5,956)	(430,549)	(436,505)
Basic and diluted loss per share	7	(0.56)p	(13.90)p	(14.46)p	(0.67)p	(48.08)p	(48.75)p

The "Total" column of this statement is the Income Statement of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net loss after taxation is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 62 to 77 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31 December 2020

	Note	Called-up share capital £'000	Share premium £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2018		8,270	813,099	(6,385)	(7,784)	807,200
Net loss after taxation		–	–	(430,549)	(5,956)	(436,505)
Issue of shares		816	78,105	–	–	78,921
Share issue costs		–	(187)	–	–	(187)
At 31 December 2019		9,086	891,017	(436,934)	(13,740)	449,429
Net loss after taxation		–	–	(126,288)	(5,072)	(131,360)
At 31 December 2020	12/13	**9,086**	**891,017**	**(563,222)**	**(18,812)**	**318,069**

The notes on pages 62 to 77 form an integral part of these accounts.

Financial

Statement of Financial Position at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	**421,152**	561,115
Current assets			
Debtors	9	**26**	30
Cash at bank and in hand	9	**6,379**	2,234
		6,405	2,264
Current liabilities			
Creditors: amounts falling due within one year	10	**(109,488)**	(1,050)
Net current (liabilities)/assets		**(103,083)**	1,214
Total assets less current liabilities		**318,069**	562,329
Creditors: amounts falling due after more than one year	11	**–**	(112,900)
Net assets		**318,069**	449,429
Capital and reserves			
Called-up share capital	12	**9,086**	9,086
Share premium	13	**891,017**	891,017
Capital reserves	13	**(563,222)**	(436,934)
Revenue reserve	13	**(18,812)**	(13,740)
Total equity shareholders' funds		**318,069**	449,429
Net asset value per share	14	**35.00p**	49.46p

These accounts were approved and authorised for issue by the Board of Directors on 23 April 2021 and signed on its behalf by:

Susan Searle
Chair

The notes on pages 62 to 77 form an integral part of these accounts.

Registered in England and Wales as a public company limited by shares

Company registration number: 09405653

Cash Flow Statement for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Net loss before finance costs and taxation	(129,451)	(433,664)
Adjustments for:		
Losses on investments held at fair value through profit or loss	126,095	421,175
Net movement in foreign forward currency contracts	–	9,373
Net movement in foreign exchange	–	1
Decrease/(increase) in debtors	4	(19)
Increase in creditors	1,430	578
Net cash flow from operating activities	**(1,922)**	**(2,556)**
Cash flows from investment activities		
Purchases of investments	(6,859)	(137,143)
Proceeds from sales of investments	20,727	191,387
Settlement of foreign forward currency contracts	–	(15,349)
Net cash flow from investment activities	**13,868**	**38,895**
Cash flows from financing activities		
Issue of shares	–	6,000
Share issue costs	–	(187)
Finance costs	(1,933)	(2,852)
Repayment of loan	(5,868)	–
Net cash flow from financing activities	**(7,801)**	**2,961**
Change in cash and cash equivalents	**4,145**	**39,300**
Cash and cash equivalents at the beginning of the year	2,234	(149,966)
Reclassification of overdraft liabilities in the year[1]	–	112,900
Cash and cash equivalents at the end of the year	**6,379**	**2,234**

[1]Following the amendments to the term facility agreement with The Northern Trust Company during the prior year, the overdraft was reclassified as a loan.

The notes on pages 62 to 77 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

Schroder UK Public Private Trust plc ("the Company") is registered in England and Wales as a public company limited by shares. The Company's registered office is 1 London Wall Place, London EC2Y 5AU.

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in October 2019. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these accounts. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; the Company's cash flow forecasts and the liquidity of the Company's investments. Further details of the Directors' considerations in forming this opinion are given on page 31. The financial statements have been prepared on the assumption that approval as an investment trust will continue to be granted.

The Company has adopted the provisions of Sections 11 and 12 of FRS 102 for measuring and disclosing its financial instruments.

The accounts are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2019.

Certain judgements, estimates and assumptions have been required in valuing the Company's investments and these are detailed below.

(b) Valuation of investments

The valuation of assets as at 31 December 2020 can be categorised into three groupings –

1. Quoted assets;
2. Unquoted assets; and
3. Assets subject to the Rosetta Transaction ("the Rosetta Transaction").

Quoted investments are valued using the relevant bid price as recorded on that exchange on 31 December 2020. If there is no active market for an asset (which is considered to be an asset where in the twelve months to year end the trading volume of that asset is less than 0.01% of the issued share capital and the transactions are so infrequent, the quoted price is not considered to be representative of fair value) the asset will be treated, for valuation purposes, as if it were an Unquoted asset and will be valued using valuation methodologies set out below.

Unquoted investments are a significant activity of the Company and represent a significant asset of the Company and are valued in accordance with the Unquoted valuation process described below.

Assets subject to the Rosetta Transaction have been, given the proximity of the transaction to 31 December 2020, valued using the following process. Quoted assets are considered to have been sold at the market price, as set out above. Where an unquoted asset has been partially sold it is considered that the proceeds from the sale are in line with the fair value derived from the Unquoted valuation process set out below. Full disposals of unquoted assets are valued on an allocation of the remaining sales proceeds. The assets that form the Rosetta Transaction are set out in Note 22 – Material transactions after the accounting date.

Unquoted valuation process – such investments are held at fair value, which requires significant estimation in concluding on their fair value. While there is a robust and consistent valuation process undertaken by the AIFM, it is recognised that in stating these assets at fair value there is a significant element of estimation uncertainty. Central to this uncertainty is the assumption that such assets will continue to progress in line with their stated business plan and will be held for the longer term until exit, generally where either the company is sold to an interested party or lists on an appropriate exchange. The core to that estimation judgement is the potential failure of any individual unquoted investment to progress in accordance with their business plan and such failure could result in a material change to the fair valuation of that company. In line with the LFS Fair Value Policy for reviewing investment valuations, the assumptions and estimates made in determining the fair value of each unquoted investment are considered at least each six months or sooner if there is a triggering event. An example of where a valuation would be considered out of the six-month cycle is the failure of a drug under development to meet an anticipated outcome of its trial, or other performance against tangible development milestones.

A full valuation review is undertaken by LFS in June and December, with a review undertaken in March and September. In the event of a triggering event being identified intra the valuation review process, an ad-hoc valuation will be undertaken.

The AIFM's estimations of fair value are considered on an ongoing basis, including with regard to the impact of events in the wider market. Appropriate care is taken to consider the nature and inherent uncertainties of market events and their impact on the fair value of Unquoted assets. A specific example of this was the consideration given by the AIFM to the International Private Equity and Venture Capital ("IPEV") Special Valuation Guidelines issued on 31 March 2020 which set out, given the magnitude of the COVID 19 pandemic and the significant uncertainty this created, information asset valuers may consider when applying the International Private Equity and Venture Capital Valuation Guidelines ("the Guidelines"). The Guidelines were revised in December 2018 and became effective from 1 January 2019 and were adopted at that time by the AIFM. The key enhancement in the revised Guidelines is the removal of the price of a recent investment as a specific valuation technique. This revision was made to reinforce the premise that fair value must be estimated at each measurement date, thus ensuring a level of consistency with applicable accounting standards.

In determining the fair value of the unquoted investments, the AIFM, has adhered to principles set out below (which are consistent with the Guidelines). The following factors may be considered in determining the fair value of an asset:

(i) the price of a recent investment, whilst an indicator of fair value, is not a default that would preclude re-estimating the valuation at the valuation date. However, if the price of recent investment is determined to be fair value then it is used to calibrate inputs to the valuation model(s); or

(ii) where a value is indicated by a recent material arms-length transaction by an independent third party in the shares of a company, and after it is established that this is fair then this value will be used, unless the rights attributable to the shares impact the overall capital structure and rights of existing investors; or

(iii) in the absence of (i) and (ii), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to an earnings multiple basis or, if appropriate, other valuation models such as:

  (a) Probability-weighted expected return method (PWERM), which considers on a probability weighted basis the future outcomes for the investment.

  (b) Option priced modelling (OPM) is used to value early stage companies where outcomes are uncertain and where appropriate to determine the allocation of value to various share classes in a distribution waterfall.

  (c) Adjusted recent transaction prices (which consider the company's performance against key milestones and the complexity of the capital structure) are also used.

  (d) Discounted cash flow model which values a business based on estimates of future cash-flows with an appropriate discount rate. The level of discount rate applied in a model is subjective and its impact on the estimation of fair value, due to the sensitivity of such models to the applied discount rate, may lead to a higher degree of valuation uncertainty.

(iv) if the investment is in a fund then the valuation will be based on the NAV of the fund (which is invariably comprised of early-stage unquoted investments), or on an adjusted basis to recognise the underlying performance of the investments.

Where models are used in valuing an investment, significant judgements are made in estimating the various inputs into the models and recognising the sensitivity of such estimates, especially in early-stage pre-revenue enterprises. Examples of the factors where significant judgement is made include, but are not limited to – the probability assigned to the relative success or failure of an enterprise; the probable future outcome paths; discount rates; growth rates; terminal value; selection of appropriate market comparable companies, the reliability of future revenue and growth forecasts and the likely exit scenarios for the investor company, for example, IPO or trade sale. In making judgements in regard to the probability of an investee outcome, it must be noted that due to the nature of the investee company's activity, its future outcome may, to a greater or lesser extent, be binary, for example, if an investee company is developing one particular drug and that fails its required trials then the outcome may be terminal for that enterprise. It should be noted that the most significant event that will drive valuation change in investee companies are company-specific events that would give rise to a valuation inflexion point (known also as a 'triggering event'). An example of a material inflexion point in a bio-pharma company would be the successful completion of a drug trial or its approval by a regulatory authority. These valuation methods may lead to a company being valued on a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified when compared to the market sector (which the investment would reside in were it listed) including, inter alia, a lack of marketability).

At 31 December 2020, nil% (2019; nil%) of the NAV was valued in accordance with 1(i); 43.6% (2019: 31.4%) was valued in accordance with 1(ii); 77.0% (2019: 78.3%) in accordance with 1(iii); and 2.1% (2019: 3.1%) in accordance with 1(iv).

(c) Accounting for reserves

Capital reserve

This reserve reflects any:

– gains and losses on disposals of investments;

– exchange differences of a capital nature;

– increase and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement; and

– expenses which are capital in nature

Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

Revenue reserve

The revenue reserve reflects all income and expenditure recognised in the revenue column of the Income Statement and any surplus is distributable by way of dividend.

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are included gross of any withhholding tax.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue, except that:

– Any performance fee is charged wholly to capital.

– Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 8 on page 68.

(f) Finance costs

Finance costs, comprising loan and overdraft interest, are charged wholly to revenue.

(g) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Bank overdrafts and loans are included in current liabilities, or creditors falling due after more than one year, depending on the terms of the facility agreement.

Other debtors and creditors do not carry any interest, are short-term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Any derivative financial instruments held at the year end, including forward foreign currency contracts, are included in current assets or current liabilities in the Statement of Financial Position at fair value, using market prices. Forward foreign currency contracts are valued at the gain or loss if the contracts had been closed out at the accounting date, at prevailing market rates.

Gains or losses on derivative financial instruments are treated as capital or revenue depending on the motive and circumstances of the transaction. Where positions are undertaken to protect or enhance capital, the returns are capital and where they are generating or protecting revenue, the returns are revenue.

(h) Taxation

The tax charge for the year includes a provision for all amounts expected to be received or paid. Deferred tax is provided on all timing differences that have originated but not reversed by the accounting date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised. Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that sterling is the functional currency and the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction.

(k) Share issues

Shares issued are recognised based on the proceeds or fair value received, with the excess of the amount received over their nominal value being credited to the share premium account. Direct issue costs are deducted from share premium.

2. Portfolio management fee

	2020 £'000	2019 £'000
Portfolio management fee	1,923	–
	1,923	–

The Company appointed Schroder Investment Management Limited (SIML) as Portfolio Manager, effective from 13 December 2019. Under the terms of the new management agreement, SIML is entitled to a management fee, effective from 13 March 2020 and a performance fee, subject to achieving performance targets. Details of these calculations are set out in the Directors' Report on page 35. No performance fee is payable for the current or prior year and no provision is required at 31 December 2020.

Details of all transactions with the current and previous Portfolio Managers are given in note 16 on page 70.

3. Other administrative expenses

	2020 £'000	2019 £'000
Other administration expenses	562	1,869
Valuation fees	293	282
Directors' fees[1]	191	210
Company secretarial fee	44	122
Auditor's remuneration for the audit of the Company's annual accounts[2]	150	346
Auditor's remuneration for audit related services interim review[2]	–	286
	1,240	3,115

[1]Full details are given in the Directors' Remuneration Report on pages 44 to 46.
[2]The annual audit fee includes VAT amounting to £25,000 (2019: £46,000). The interim review fee includes VAT amounting to nil (2019: £38,000).

4. Finance costs

	2020 £'000	2019 £'000
Bank loan/overdraft fees and interest	1,909	2,841
	1,909	2,841

5. Taxation

(a) Analysis of tax charge for the year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Taxation on ordinary activities	–	–	–	–	–	–

The Company has no corporation tax liability for the year ended 31 December 2020 (2019: nil).

(b) Factors affecting tax charge for the year

	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Net loss on ordinary activities before taxation	(5,072)	(126,288)	(131,360)	(5,956)	(430,549)	(436,505)
Net loss on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.0% (2019: 19.0%)	(964)	(23,995)	(24,959)	(1,132)	(81,804)	(82,936)
Effects of:						
Capital loss on investments	–	23,995	23,995	–	81,804	81,804
Unrelieved loan relationship deficit	363	–	363	540	–	540
Unrelieved management expenses	601	–	601	560	–	560
Expenses not deductible for corporation tax purposes	–	–	–	32	–	32
Taxation on ordinary activities	–	–	–	–	–	–

(c) Deferred taxation

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The Company has an unrecognised deferred tax asset of £3,731,000 (2019: £2,801,000) based on a prospective corporation tax rate of 19% (2019: 17%). In its 2020 budget, the government announced that the main rate of corporation tax would remain at 19% for fiscal years beginning on 1 April 2020 and 2021. It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the accounts.

6. Dividends

No dividends have been paid or proposed in respect of the year ended 31 December 2020 (2019: nil).

7. Basic and diluted loss per share

	2020 £'000	2019 £'000
Revenue loss	(5,072)	(5,956)
Capital loss	(126,288)	(430,549)
Total loss	(131,360)	(436,505)
Weighted average number of shares in issue during the year	908,639,238	895,442,758
Revenue loss per share	(0.56)p	(0.67)p
Capital loss per share	(13.90)p	(48.08)p
Total basic and diluted loss per share	(14.46)p	(48.75)p

The basic and diluted loss per share is the same because there are no dilutive instruments in issue.

Notes to the Accounts

8. Investments held at fair value through profit or loss

(a) Movement in investments

	2020 £'000	2019 £'000
Opening book cost	820,226	912,049
Opening investment holding (losses)/gains	(259,111)	51,564
Opening fair value	561,115	963,613
Purchases at cost	11,855	137,143
Investments received as consideration for share issue*	–	72,921
Sales proceeds	(25,723)	(191,387)
Losses on investments held at fair value through profit or loss	(126,095)	(421,175)
Closing fair value	421,152	561,115
Closing book cost	759,715	820,226
Closing investment holding losses	(338,563)	(259,111)
Closing fair value	421,152	561,115

The Company received £25,723,000 (2019: £191,387,000) from investments sold in the year. The book cost of the investments when they were purchased was £72,366,000 (2019: £301,887,000). 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.

Purchases and sales include non-cash transactions in relation to Ombu and RateSetter.

*On 28 February 2019, the Company entered into an agreement to acquire a portfolio of unquoted assets for £72.9 million from Woodford Equity Income Fund (WEIF) through the issuance of 75,432,424 new ordinary shares of one penny each in the capital of the Company. WEIF also subscribed for a further 6,206,814 new shares for £6.0 million in cash.

(b) Unquoted investments, including investments quoted in inactive markets

Material revaluations of unquoted investments during the year

	Opening valuation at 31/12/19[1] £'000	Valuation adjustment £'000	Closing valuation at 31/12/20 £'000
Kymab	17,806	51,774	69,580
Atom Bank	80,866	(43,106)	37,760
Rutherford Health	80,811	(46,922)	33,889
Inivata	18,006	8,131	26,137
Benevolent AI	33,507	(12,168)	21,339
Carrick Therapeutics	20,052	(8,897)	11,155
Mafic	15,382	(8,570)	6,812
Mission Therapeutics	15,648	(11,160)	4,488
Industrial Heat	14,403	(10,408)	3,995
Spin Memory	11,265	(9,678)	1,587
Lignia Wood	7,608	(7,290)	318
Kind Consumer	8,755	(8,755)	–

[1]Based on the closing holding at opening prices.

Notes to the Accounts

Material disposals of unquoted investments during the year

	Book cost £'000	Carrying value at 31/12/19 £'000	Sales proceeds £'000	Loss based on carrying value at 31/12/19 £'000
Oxford Nanopore	4,737	6,140	5,868	(272)
Ratesetter	17,900	6,709	1,148	(5,561)
Ombu	25,963	14,048	4,046	(10,002)

(c) Transaction costs

The following transaction costs, comprising stamp duty and brokerage commission, were incurred in the year:

	2020 £'000	2019 £'000
On acquisitions	1	323
On disposals	296	945
	297	1,268

9. Current assets

	2020 £'000	2019 £'000
Debtors	26	30
	26	30

The Directors consider that the carrying amount of debtors approximates to their fair value.

Cash at bank and in hand

The carrying amount of cash, amounting to £6,379,000 (2019: £2,234,000) represents its fair value.

10. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loan	107,032	–
Portfolio management fee payable	1,923	–
Other creditors and accruals	533	1,050
	109,488	1,050

The bank loan is drawn on the Company's facility with The Northern Trust Company, which expires on 15 January 2021. The loan is secured on all the Company's assets. The agreement requires that, subject to an allowance for operating expenses, the proceeds of Private Asset sales must be used to make loan repayments, which cannot be redrawn. Furthermore, the Company may not make further Private Assets investments until certain repayments have been made. The loan agreement also requires the Company to seek to maintain a balance between the listed and unlisted investments in the portfolio. Interest payable is calculated at LIBOR, for one month or other agreed loan period, plus a margin of 1.5%.

Details of an extension to the loan facility, and repayments after the accounting date, are given in note 22 on page 76.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

Notes to the Accounts

11. Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loan	–	112,900

Details of the bank loan drawn down at the prior year end are given in note 10 on page 68.

12. Called-up share capital

	2020 £'000	2019 £'000
Ordinary shares allotted, called up and fully paid:		
Ordinary shares of 1p each:		
Opening balance of 908,639,238 (2019: 827,000,000) shares	9,086	8,270
Issue of nil (2019: 81,639,238) shares	–	816
Closing balance of 908,639,238 (2019: 908,639,238) shares	9,086	9,086

13. Reserves

		Capital reserves		
	Share premium[1] £'000	Losses on sales of investments[2] £'000	Investment holding losses[3] £'000	Revenue reserve[4] £'000
Opening balance	891,017	(177,822)	(259,112)	(13,740)
Losses on sales of investments based on historic cost	–	(46,643)	–	–
Net movement in investment holding gains and losses	–	–	(79,452)	–
Exchange losses	–	–	(193)	–
Retained revenue loss for the year	–	–	–	(5,072)
Closing balance	**891,017**	**(224,465)**	**(338,757)**	**(18,812)**

The Company's articles of association permit dividend distributions out of realised capital profits.

[1]The share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued.
[2]This is a realised (distributable) capital reserve and a positive balance may be used to repurchase the Company's own shares or distributed as dividends. However, the Company is not currently in a position to make such a distribution as the balance is negative.
[3]This reserve may include some holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised. The Company is not currently in a position to make any distributions due to total net negative balances on its distributable reserves.
[4]A positive balance on the revenue reserve may be distributed as dividends or used to repurchase the Company's own shares. However the Company is not currently in a position to make such a distribution as the balance is negative.

14. Net asset value per share

	2020	2019
Net assets attributable to shareholders (£'000)	318,069	449,429
Shares in issue at the year end	908,639,238	908,639,238
Net asset value per share	35.00p	49.46p

Notes to the Accounts

15. Financial commitments

At 31 December 2020, the Company had uncalled capital commitments amounting to £2,900,000 (2019: £5,467,000) in respect of follow-on investments, which may be called by investee companies.

16. Transactions with the Portfolio Manager and Alternative Investment Fund Manager (AIFM)

A management fee amounting to £1,923,000 (2019: nil) is payable to Schroder Investment Management Limited for the year ended 31 December 2020, and the whole of this amount was outstanding at the year end.

Fees amounting to £88,000 (2019: £75,000) were payable to Link Fund Solutions Limited for services as AIFM, of which £22,000 (2019: £12,500) was outstanding at the year end. Fees amounting to £293,000 (2019: £282,000) have been paid to Link Fund Solutions Limited for valuation services, of which £220,000 (2019: £200,000) was outstanding at the year end.

Fees amounting to £44,000 (2019: £122,000) were payable to Link Company Matters Limited for company secretarial services, of which nil (2019: nil) was outstanding at the year end.

No Director of the Company served as a director of any member of the Schroder Group, Link Fund Solutions Limited or its affiliates at any time during the year.

17. Related party transactions

Details of the remuneration payable to Directors and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 45. Details of transactions with the Portfolio Manager, the AIFM and its associated companies are given in note 16 above. There have been no other transactions with related parties during the year (2019: nil).

18. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 102 that are held at fair value comprise its investment portfolio and derivative financial instruments.

FRS 102 requires that financial instruments held at fair value are categorised into a hierarchy consisting of the three levels below. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement.

Level 1 – valued using unadjusted quoted prices in active markets for identical assets.

Level 2 – valued using observable inputs other than quoted prices included within Level 1.

Level 3 – valued using inputs that are unobservable.

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) on pages 62 and 63 and 1(g) on page 64. Level 3 investments have been valued in accordance with note 1(b) (i) – (iv) .

At 31 December, the Company's investment portfolio and any derivative financial instruments were categorised as follows:

	2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	32,697	–	33,889	66,586
– unquoted	–	–	354,566	354,566
Total	32,697	–	388,455	421,152

	2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	53,476	–	80,811	134,287
– unquoted	–	–	426,828	426,828
Total	53,476	–	507,639	561,115

There have been no transfers between Levels 1, 2 or 3 during the year (2019: nil).

Movements in fair value measurements included in Level 3 during the year are as follows:

	2020 £'000	2019 £'000
Opening book cost	702,358	580,006
Opening investment holding (losses)/gains	(194,719)	158,760
Opening valuation	507,639	738,766
Purchases at cost	9,952	126,733
Investments received as consideration for share issue	–	72,921
Sales proceeds	(11,654)	(81,390)
Net movement in investment holding gains and losses	(117,482)	(349,391)
Closing valuation	388,455	507,639
Closing book cost	663,223	702,358
Closing investment holding losses	(274,768)	(194,719)
Total level 3 investments held at fair value through profit or loss	388,455	507,639

The Company received £11,654,000 (2019: £81,390,000) from Level 3 investments sold in the year. The book cost of the investments when they were purchased was £49,087,000 (2019: £77,302,000). These investments had been revalued over time and, until they were sold, any unrealised gains or losses were included in the fair value of the investments.

19. Financial instruments' exposure to risk and risk management policies

The investment objective is set out on the inside front cover of this report. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. These financial risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments may comprise the following:

- investments in shares of quoted and unquoted companies which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations;
- a bank loan from Northern Trust Company, the purpose of which is to assist in financing the Company's operations; and
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Company's investment activities.

(a) Market risk

The fair value or future cash flows of a financial instrument 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. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Portfolio Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling, which is the Company's functional currency and the presentational currency of the accounts. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk

The AIFM monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Portfolio Manager measures 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.

Income denominated in foreign currencies is converted into sterling on receipt.

It is currently not the Company's policy to hedge against currency risk, but the Portfolio Manager may, with the Board's consent and oversight, hedge against specific currencies, depending on their longer term view.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31 December are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

			2020		
	Australian Dollars £'000	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash at bank and in hand	–	–	–	124	124
Foreign currency exposure on net monetary items	–	–	–	124	124
Investments held at fair value through profit or loss	959	11,466	5,426	163,119	180,970
Total net foreign currency exposure	959	11,466	5,426	163,243	181,094

		2019		
	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash at bank and in hand	–	–	15	15
Foreign currency exposure on net monetary items	–	–	15	15
Investments held at fair value through profit or loss	5,389	5,549	151,308	162,246
Total net foreign currency exposure	5,389	5,549	151,323	162,261

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each accounting date and assumes a 10% (2019: 10%) appreciation or depreciation in sterling against all the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	2020 £'000	2019 £'000
Income Statement – return after taxation		
Revenue return	–	–
Capital return	18,109	16,226
Total return after taxation	18,109	16,226
Net assets	18,109	16,226

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2020 £'000	2019 £'000
Income Statement – return after taxation		
Revenue return	–	–
Capital return	(18,109)	(16,226)
Total return after taxation	(18,109)	(16,226)
Net assets	(18,109)	(16,226)

In the opinion of the Directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year.

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash balances and the interest payable on the bank overdraft when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board would not normally expect gearing to exceed 20% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2020 £'000	2019 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	6,379	2,234
Creditors: amounts falling due within one year – bank loan	(107,032)	–
Creditors: amounts falling due after more than one year – bank loan	–	(112,900)
Net exposure	(100,653)	(110,666)

Interest receivable on cash balances is at a margin below LIBOR (2019: same).

The Company has a loan facility with Northern Trust Company which expires on 15 January 2021. Interest is calculated at LIBOR, for one month or other agreed loan period, plus a margin of 1.5%.

The above year end amounts are broadly representative of the exposure to interest rates during the year.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.25% (2019: 0.25%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the accounting date with all other variables held constant.

	2020		2019	
	0.25% increase in rate £'000	0.25% decrease in rate £'000	0.25% increase in rate £'000	0.25% decrease in rate £'000
Income statement – return after taxation				
Revenue return	(252)	252	(277)	277
Capital return	–	–	–	–
Total return after taxation	(252)	252	(277)	277
Net assets	(252)	252	(277)	277

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of investments.

Management of other price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular countries and industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The Board may authorise the Portfolio Manager to enter derivative transactions for the purpose of protecting the portfolio against falls in market prices.

Market risk exposure

The Company's total exposure to changes in market prices at 31 December comprises the following:

	2020 £'000	2019 £'000
Investments held at fair value through profit or loss	421,152	561,115

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

A sector and geographical analysis of the Company's investments is given on page 19. This shows a concentration of exposure to economic conditions in the United Kingdom and to the Health Care sector. In addition, it is noted that the Company's holds six (2019: five) investments amounting to approximately £150.6 million (2019: £280.9 million), or 47% (2019: 64%) of net asset value, whose valuation is deemed to be potentially volatile, as it is dependent on a number of factors including future funding and meeting of anticipated milestones.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2019: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions.

	2020		2019	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	–	–	–	–
Capital return	84,230	(84,230)	112,223	(112,223)
Total return after taxation and net assets	84,230	(84,230)	112,223	(112,223)
Percentage change in net asset value	26.5%	(26.5%)	25.0%	(25.0%)

(b) Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

The Company has drawn down £107,032,000 (2019: £112,900,000) on its facility with Northern Trust Company, which expires on 15 January 2021 and which has certain conditions attached, as detailed in note 10 on page 68. The Company has negotiated a new facility after the financial position date, and details of this are given in note 22 on page 76.

The Company's assets include readily realisable securities amounting to £32,697,000 (2019: £53,476,000), which can be sold to meet ongoing funding requirements. Additionally, the Company has level 3 investments which are illiquid but can be realised to generate proceeds to pay down the loan. At 31 December 2020, the total level 3 securities are valued at £388,455,000 (2019: £507,639,000).

Liquidity risk exposure

Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	2020		2019			
	Three months or less £'000	Total £'000	Three months or less £'000	More than three months but less than one year £'000	More than one year £'000	Total £'000
Creditors: amounts falling due within one year						
Bank loan – including interest	107,099	107,099	–	–	–	–
Other creditors and accruals	2,389	2,389	939	–	–	939
Creditors: amounts falling due after more than one year						
Bank loan – including interest	–	–	696	1,755	112,998	115,449
	109,488	109,488	1,635	1,755	112,998	116,388

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The credit ratings of broker counterparties is monitored by the AIFM and limits are set on exposure to any one broker.

Exposure to the Custodian

The custodian of the Company's assets is Northern Trust Company which has Long-Term Credit Ratings of AA– with Fitch and Aa3 with Moody's.

The Company's investments are held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value, or the balance sheet amount is a reasonable approximation of fair value.

20. Analysis of changes in net debt

	At 31 December 2019 £'000	Cashflows £'000	Other non-cash changes £'000	At 31 December 2020 £'000
Cash and Cash Equivalents				
Cash at bank and in hand	2,234	**4,145**	**–**	**6,379**
Borrowings				
Debt due within one year	–	**–**	**(107,032)**	**(107,032)**
Debt due after one year	(112,900)	**5,868**	**107,032**	**–**
Net debt	(110,666)	**10,013**	**–**	**(100,653)**

21. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2020 £'000	2019 £'000
Debt		
Bank loan	**107,032**	112,900
Equity		
Called-up share capital	**9,086**	9,086
Reserves	**308,983**	440,343
	318,069	449,429
Total debt and equity	**425,101**	562,329

22. Events after the accounting date that have not been reflected in the financial statements

Loan facility with The Northern Trust Company

The Company arranged a new, amended loan facility agreement with The Northern Trust Company, effective from 15 January 2021. The initial proceeds of two transactions detailed below, totalling £115.1 million, have been received by the Company post the accounting date, and £107,032,000 of that amount has been used to fully pay down the loan. Under the terms of the new loan facility agreement, following the above repayment, the arrangement changes to a "Revolving Facility Commitment", and the principal terms of this are as follows:

- The facility limit is reduced to £55 million;
- The termination date is 30 January 2023;
- Interest on any drawings will accrue daily and will be calculated at the aggregate of The Bank of England Base Rate, a 2% margin and a 0.6% facility fee, per annum.

Notes to the Accounts

Material transactions after the accounting date

Acquisition of certain of the Company's investments by Rosetta Capital Limited

Under the terms of a transaction completed in February 2021, the Company's investments detailed below, have been acquired by Rosetta Capital. The initial sales proceeds of £52.9 million were received by the Company in March 2021, including recompense for £2.9 million of follow-on payments made after the accounting date relating to Carrick Therapeutics and Mission Therapeutics, and £1.0 million from a positive adjustment to the acquisition price due to changes in the values of the listed portfolio companies Mereo BioPharma and ReNeuron. An additional amount of £5.0 million may be receivable, dependent on the divestment of Immunocore by Rosetta Capital.

The investments acquired by Rosetta Capital were as follows:

	Percentage of the Company's holding sold %	Valuation in the accounts (of portion sold) £'000
Portfolio company		
Inivata	50	13,069
Immunocore	48	12,274
Carrick Therapeutics	100	11,155
Mission Therapeutics	100	4,488
Mereo BioPharma	100	4,052
ReNeuron	61	2,575
PsiOxus Therapeutics	100	615
		48,228

Acquisition of Kymab Limited, by Sanofi S.A.

Under the terms of a transaction completed in February 2021, the Company's entire holding in Kymab, valued at £69.6 million in the accounts, has been acquired by Sanofi. The consideration agreed was as follows:

- The initial proceeds of £63.2 million were received by the Company in April 2021;
- In addition, circa US$6.1 million will be held in escrow as a guarantee against warranties; of which 50% will be released after 6 months and the remainder after 18 months, subject to certain deductions; and
- An amount of up to US$26.9 million is potentially receivable over the next 13 years; this is dependent on the achievement of various development and regulatory milestones.

Annual General Meeting – Recommendations

AGM

The Company's AGM will be held on Friday, 4 June 2021 at noon. Shareholders are being asked to vote on various items of business, being:

- the receipt of the Company's annual financial statements for the year ended 31 December 2020, together with the Strategic Report, Directors' Report and the Auditor's Report on those financial statements;
- the receipt and approval of the Directors' Remuneration Report;
- the election/re-election of Directors; and
- the re-appointment of Grant Thornton UK LLP as auditor and the authorisation of the Audit, Risk and Valuation Committee to determine the remuneration of the auditor.

Resolutions relating to the following items of business will also be proposed at the forthcoming AGM.

Resolution 10: authority to allot shares

Resolution 10 set out in the Notice of AGM is an ordinary resolution and will, if passed, authorise the Directors to allot up to 90,863,900 ordinary shares of 1p each with a nominal value of £908,639 or 10 per cent of the Company's shares in issue at the date at which this resolution is passed, which will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

The Directors do not intend to allot ordinary shares or sell treasury shares, on a non pre-emptive basis, pursuant to this authority other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

Resolution 11: authority to disapply pre-emption rights

Resolution 11 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to allot up to 90,863,900 ordinary shares of 1p each, with a total nominal value of £908,639 or 10 per cent of the Company's shares in issue at the date at which this resolution is passed, for cash on a non-pre-emptive basis, which will replace the current authority granted to the Directors at the last AGM. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

The Directors intend to use this authority at a time when they believe it to be in the best interests of the shareholders as a whole and to satisfy demand for the Company's shares. **The shares will only be issued at NAV or at a premium to NAV at the time of issue.**

Resolution 12: authority to buy back shares

Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, authorise the Directors to buy back up to 136,205,021 ordinary shares of 1p each, with a nominal value of £1,362,050.21, or 14.99 per cent of the Company's shares in issue, at the date at which this resolution is passed.

At the AGM held on 5 June 2020, the Company was granted authority to make market purchases of up to 136,205,021 ordinary shares of 1p each for cancellation or holding in treasury. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 136,205,021 ordinary shares. This authority will expire at the forthcoming AGM.

The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of:

(i) 5 per cent above the average of the mid-market value of shares for the five business days before the day of purchase; or

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

The minimum price that may be paid is 1p per share, being the nominal price per share. The decision as to whether to buy back any ordinary shares will be at the discretion of the Board. Ordinary shares bought back in accordance with the authority granted to the Board will either be held in treasury or cancelled. If the shares are held in treasury, they may be reissued from treasury but will only be reissued at a price that is in excess of the Company's then prevailing NAV. The Company will fund any buyback by using the Company's cash resources or utilising the Company's loan facility. This authority will expire at the AGM to be held in 2022 when a resolution to renew the authority will be proposed.

Resolution 13: notice period for general meetings

Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2022. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendation

The Board considers that all of the resolutions described above and disclosed on pages 79 and 80 are in the best interests of the Company's shareholders and are likely to promote the success of the Company. The Directors recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Notice of Annual General Meeting (AGM)

Notice is hereby given that the fifth AGM of Schroder UK Public Private Trust plc (the Company) will be held at noon on Friday, 4 June 2021 at the offices of Schroder Investment Management Limited, 1 London Wall Place, London EC2Y 5AU to transact the business set out in the resolutions below. As at the date of this Notice, the UK Government's roadmap out of lockdown states that no earlier than 17 May 2021, step 3 will be introduced and the rule of six or two households will apply indoors. Therefore, to ensure the safety and security of our shareholders, service providers, officers and guests, shareholders are asked to comply with Government requirements and guidelines relating to travelling and meetings and not attend the AGM. Shareholders are encouraged to vote by proxy, appointing the Chair of the meeting as their proxy.

Resolutions 1 to 10 will be proposed as ordinary resolutions; this means that for each of those ordinary resolutions to be passed, more than half of the votes cast must be in favour. Resolutions 11 to 13 will be proposed as special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Ordinary resolutions

1. To receive the Company 's Annual Report and Accounts for the year ended 31 December 2020 together with the Strategic Report, Directors' Report and the Auditor's Report on those financial statements.
2. To approve the Directors' Remuneration Report set out on pages 44 to 46 of the Company's Annual Report and Accounts for the year ended 31 December 2020.
3. To elect Tim Edwards as a Director.
4. To re-elect Raymond Abbott as a Director.
5. To re-elect Scott Brown as a Director.
6. To re-elect Stephen Cohen as a Director.
7. To re-elect Jane Tufnell as a Director.
8. To re-appoint Grant Thornton UK LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next meeting at which financial statements are laid before the Company.
9. To authorise the Audit, Risk and Valuation Committee to determine the remuneration of the auditor.
10. THAT, in accordance with Section 551 of the Companies Act 2006 (the Act), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot ordinary shares in the Company up to a maximum aggregate nominal amount of £908,639, representing approximately 10 per cent of the Company's issued ordinary share capital as at the date of this Notice (or, if changed, the number representing 10 per cent of the issued share capital of the Company at the date at which this resolution is passed), such authority to expire at the conclusion of the AGM of the Company to be held in 2022, (unless previously renewed, varied, revoked or extended by the Company in general meeting), save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted after such expiry, and the Directors may allot ordinary shares in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

Special resolutions

11. THAT subject to the passing of Resolution 10, and in accordance with Sections 570 and 573 of the Act, the Directors be and are hereby generally empowered to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority conferred on the Directors by Resolution 10 and to sell ordinary shares from treasury for cash, as if Section 561 of the Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £908,639 (being 10 per cent of the issued ordinary share capital of the Company at the date of this Notice), (or, if changed, the number representing 10 per cent of the issued share capital of the Company at the date at which this resolution is passed), such power to expire at the conclusion of the AGM of the Company to be held in 2022 (unless previously renewed, varied, revoked or extended by the Company in general meeting) save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require ordinary shares to be allotted or sold from treasury after the expiry of such power and the Directors may allot or sell ordinary shares from treasury in pursuance of such an offer or agreement as if such power had not expired.
12. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company, provided that:
    (a) the maximum number of ordinary shares which may be purchased is 136,205,021 (or if changed, the number representing 14.99 per cent of the ordinary shares in issue at the date which this resolution is passed);

Notice of Annual General Meeting

(b) the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 1p;

(c) the maximum price, exclusive of any expenses, which may be paid for each ordinary share shall be to the higher of:

(i) an amount equal to 105 per cent of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary shares are purchased; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

This authority shall expire at the conclusion of the AGM of the Company to be held in 2022 (unless previously revoked, varied, renewed or extended by the Company in general meeting) save that the Company may, before such expiry, enter into a contract to purchase shares which will or may be executed wholly or partly after the expiry of such authority.

13. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Schroder Investment Management Limited
Company Secretary

1 London Wall Place
London EC2Y 5AU

23 April 2021

Important Notes to the Notice of Meeting

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf.

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the Company's register of members at close of business on Wednesday, 2 June 2021 or, if the meeting is adjourned, on the Company's register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the Company's register of members after close of business on Wednesday, 2 June 2021 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. Members are entitled to appoint a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. To appoint more than one proxy, members will need to complete a separate proxy in relation to each appointment.
3. Shareholders were duly notified that from 2018 onwards, the Company would no longer be posting proxy voting cards to shareholders in order to further reduce the environmental impact. This year, you can therefore appoint a proxy using one of the following methods:
   - via the registrar's website www.signalshares.com. To vote online, you will need to log on to your Signal Shares account or register if you have not already done so. To register, you will need your investor code which can be found on your share certificate. Once registered, you will immediately be able to vote.
   - by requesting a hard copy by calling the registrar Link Group on 0371 664 0300 or, if calling from overseas, on +44 (0) 371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
5. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Act 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 AGM. 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.
6. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3, 4 and 8 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion.
8. To be valid, any form of proxy or other instrument appointing a proxy must be received by the Company's Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. In the case of shares held through CREST, via the CREST system (see note 12 overleaf). In each case, for proxy appointments to be valid, they must be received by no later than noon on Wednesday, 2 June 2021 (being 48 hours prior to the time of the meeting, not including non-working days). If you return more than one proxy appointment, either by paper or electronic communication, that received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully.
9. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in note 12 overleaf) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). 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.
11. In order for a proxy appointment or instruction made by means of CREST 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 instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuers' agent (ID RA10) by noon on Wednesday, 2 June 2021 (being 48 hours prior

Important Notes to the Notice of Meeting

to the time of the meeting, not including non-working days). 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 issuers agent 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.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. 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.

13. Any corporation that 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 no more than one corporate representative exercises powers in relation to the same shares. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment.

14. As at 23 April 2021 (being the last practicable business day prior to the publication of this Notice), the Company's issued share capital comprised 908,639,238 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company.

15. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

16. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day until the time of the AGM and may also be inspected at the AGM venue from 10.15am on the day of the meeting until the conclusion of the AGM:

    - copies of the Directors' letters of appointment; and
    - a copy of the Articles of Association of the Company.

18. You may not use any electronic address provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated. A copy of this Notice, and other information required by Section 311A of the Act, can be found on the Company's webpages.

19. The Company's privacy policy is available on its webpages.

Alternative Investment Fund Management Directive disclosures

Report on remuneration

The AIFMD requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

Details of the Link Fund Solutions Limited (LFS) AIFM remuneration policy are disclosed on the website at

http://www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf and have applied to LFS since 1 January 2015.

Quantitative remuneration disclosure

In accordance with FUND 3.3.5 (5) and FCA Finalised guidance – 'General guidance on the AIFM Remuneration Code' (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by the AIFM, for the financial year ended 31 December 2020, in respect of the Company was £88,000. The AIFM does not consider that any member of staff of the AIFM has the ability to materially impact the risk profile of the Company. LFS is satisfied that Schroders is subject to the regulatory requirements that are equally as effective as those applicable under the Guidelines.

Other disclosures

The AIFMD requires that the AIFM ensures that certain other matters are actioned and/or reported to investors; each of these is set out below.

Provision and content of an annual report (FUND 3.3.2 and 3.3.5)

The publication of the annual report and financial statements of the company satisfies these requirements.

Material change of information

The AIFMD requires certain information to be made available to investors in the Alternative Investment Fund (AIF) before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. The AIFM notes that, during the period, there were no material changes approved by the Board.

Periodic disclosure (FUND 3.2.5 and 3.2.6)

There are no assets subject to special arrangements due to their illiquid nature, nor new arrangements for the managing of the liquidity of the Company.

There is no change to the arrangements, as set out in the Prospectus, for managing the AIF's liquidity.

The current risk profile of the AIF is set out in the annual report (Principal risks and uncertainties) and in further detail in note 19 (Risk management policies and procedures).

The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

As a percentage of net asset value	Gross method	Commitment method
Maximum level of leverage	310.0%	200.0%
Leverage as at 31 December 2020	131.6%	131.6%

Other matters

LFS can confirm that required reporting to the FCA has been undertaken in accordance with FUND 3.4.

Definitions of Terms and Performance Measures

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Some of the financial measures below are classified as Alternative Performance Measures as defined by the European Securities and Markets Authority, and some numerical calculations are given for those.

Net asset value (NAV) per share

The NAV per share of 35.00p (2019: 49.46p) represents the net assets attributable to equity shareholders of £318,069,000 (2019: £449,429,000) divided by the number of shares in issue, excluding any shares held in treasury, of 908,639,238 (2019: 908,639,238).

Share price discount/premium

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 11.4% (2019: 22.5%), as the closing share price at 31.00p (2019: 38.35p) was 11.4% (2019: 22.5%) lower than the closing NAV of 35.00p (2019: 49.46p).

Gearing

The gearing percentage reflects the amount of borrowings (that is, bank loans or overdrafts) that the Company has used to invest in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. Gearing is defined as: borrowings used for investment purposes, less cash, expressed as a percentage of net assets. Gearing at the year end is calculated as follows:

	2020 £'000	2019 £'000
Borrowings used for investment purposes, less cash	100,653	110,666
Net assets	318,069	449,429
Gearing	31.6%	24.6%

Ongoing Charges

Ongoing Charges represents all operating expenses payable including any management fee, but excluding finance costs and transaction costs, amounting to £3,163,000 (2019: £3,115,000), expressed as a percentage of the average daily net asset values during the year of £426,832,000 (2019: £721,111,000).

Leverage

For the purpose 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 the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria.

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Shareholder Information

Webpages

The Company's webpages can be found at www.schroders.com/publicprivatetrust. It provides visitors with a comprehensive range of performance statistics, Company information and literature downloads.

The Company's profile is also available on third-party sites such as www.trustnet.com and www.morningstar.co.uk.

Annual and half-yearly reports

Copies of the annual and half-yearly reports are available on the Company's webpages.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on the Association can be found on its website, www.theaic.co.uk.

ISA status

The Company's shares are eligible for stocks and shares ISAs.

Non-Mainstream Pooled Investments Status

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Publication of Key Information Document (KID) by the AIFM

Pursuant to the Packaged Retail and Insurance-based Products (PRIIPs) Regulation, the Manager, as the Company's AIFM, is required to publish a short KID on the Company. KIDs are designed to provide certain prescribed information to retail investors, including details of potential returns under different performance scenarios and a risk/reward indicator. The Company's KID is available on its webpages.

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www.schroders.com/publicprivatetrust

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Raymond Abbott
Scott Brown
Stephen Cohen (Chairman of Audit, Risk and Valuation Committee)
Tim Edwards
Jane Tufnell (Senior Independent Director)

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Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the Company's Registered Office.

Dealing Codes

SEDOL:	BVG1CF2
ISIN:	GB00BVG1CF25
Ticker:	SUPP

LEI: 2138008X94M7OVE73177
GIIN: U73RHA.99999.SL.826

The Company's privacy notice is available on its webpages.

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