Schroders

Schroder British Opportunities Trust plc

Report and Accounts for the period ended 31 March 2022

Investment objective

The Company's investment objective is to deliver long-term total returns throughout the life of the Company by investing in a diversified public equity and private equity portfolio of predominantly UK Companies.

Target return

The Company aims to provide a NAV total return of 10 per cent. per annum (once the Company is fully deployed across the target allocation between public and private equity investments) over the life of the Company.

Investment policy

The Company will invest in a diversified portfolio of both public equity investments and private equity investments consisting predominantly of UK Companies with strong long-term growth prospects.

It is anticipated that the Company's portfolio will typically consist of 30 to 50 holdings and will target companies with an equity value between approximately £50 million and £2 billion at the time of initial investment.

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("**SDGs**"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs.

The Company will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. The Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

The Company may, from time to time, use borrowings for investment and efficient portfolio management purposes. Gearing will not exceed 10 per cent. of Net Asset Value, calculated at the time of drawdown of the relevant borrowing.

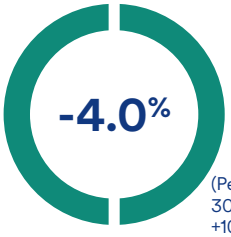
The full investment policy can be found on the website and on pages 38 to 41 of the prospectus dated 10 November 2020. Proposed changes to the investment policy are summarised in the Chairman's Statement and can be found in full on pages 71 to 74 of the Notice of Annual General Meeting

Contents

Financial Highlights and Key Performance Indicators

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 77 together with supporting calculations where appropriate.

Returns for the nine months ended 31 March 2022

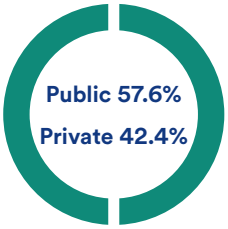


(Period ended 30 June 2021[1]: +10.6%)

Net asset value ("NAV") per share

(Period ended 30 June 2021[1]: +5.0%)

Share price



(30 June 2021: 67.9%)

(30 June 2021: 32.1%)

Equity holdings

Other financial information

	31 March 2022	30 June 2021	% Change
Shareholders' funds (£'000)	78,103	81,327	(4.0)
Shares in issue	75,000,000	75,000,000	–
NAV per share (pence)	104.14	108.44	(4.0)
Share price (pence)	84.00	105.00	(20.0)
Share price discount to NAV per share* (%)	19.3	3.2	
Net cash* (%)[2]	(19.8)	(22.1)	

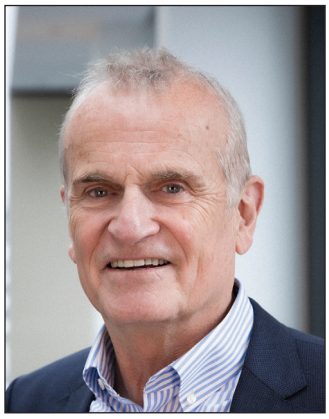
	Nine months ended 31 March 2022	Period ended 30 June 2021[1]
Net revenue loss after taxation (£'000)	(577)	(433)
Net revenue loss per share (pence)	(0.77)	(0.58)
Dividend per share (pence)	–	–
Ongoing Charges* (%)[3]	1.39	1.40

[1] The comparative figures cover the period from the date of incorporation on 21 September 2020, to 30 June 2021. The Company began investing on 1 December 2020 ("launch date").

[2] Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The Company currently has no borrowings, so this is shown as a negative, net cash figure.

[3] Based on annualised ongoing charges as the financial period is less than a full year, in accordance with AIC guidance.

Chairman's Statement



I am pleased to present the Company's second Report and Accounts which covers the nine month period ended 31 March 2022. As set out in our first Report and Accounts, the Company has shortened its second accounting period to nine months to better align our reporting with periodic valuations of underlying private equity investments.

Since last reporting to investors, markets around the world have come under pressure as the war in Ukraine and other factors have resulted in higher inflation and monetary policy tightening in many economies. Public equities have suffered across the board and our public portfolio has not been immune to that. The market has marked down growth companies in particular, due to the cost of finance rising. The immediate effect of this on the Company has been for the share price discount to net asset value ("NAV") to widen as it has with many investment companies that hold private equity investments. Shareholders will read in the performance review below that this discount change is not driven by the underlying performance of the private companies we invest in. Quite the opposite in fact. Unfortunately, we cannot influence the market dynamics and the 'group think' that exists but we can state that the Company is well placed with its current portfolio.

Performance

The Company's NAV produced a negative return of -4.0% during the period. Whilst our private equity holdings demonstrated strong resilience, this was offset by weakness in our public equity holdings. The share price produced a disappointing negative return of -20.0%, as the discount significantly widened during the period from 3.2% at the beginning of the period to 19.3% at 31 March 2022.

Further comment on performance can be found in the Portfolio Managers' review. Despite current headwinds, there are lots of positive developments that support our rationale for investment.[2]

Earnings and final dividend

The Company's objective is to provide long-term total returns to shareholders. The Company earnt investment income from the public equity holdings during the period but after deducting operating expenses there was a revenue loss. As a result, the Directors do not propose the payment of a final dividend. In line with current best practice, we will seek shareholder approval of this proposal at the forthcoming Annual General Meeting ("AGM").

Discount management

Your Board monitors the level of the Company's discount to NAV and regularly reviews its share buy back policy. At the time of the Company's flotation in 2020, the Board stated that it would utilise share buy backs to seek to maintain the price at which the ordinary shares trade relative to their prevailing NAV at no greater than a 5 per cent discount, measured over the long term and subject to normal market conditions. It is fair to say that current market conditions have seen high, unforeseen levels of volatility which the Board does not regard as normal. Nevertheless, after the end of the period, we utilised the authorities provided by shareholders to purchase 100,000 shares to be held in treasury to reissue when the Company regains its premium rating to NAV.

Your Board will seek shareholder approval to renew its standing authority to repurchase shares at the forthcoming AGM. We will continue to monitor the level of the discount and consider the merits of further buy backs, which should be accretive in nature when discounts are wide. However, any decision to buy back shares will be influenced by such factors as: market conditions; the small size of the Company; the illiquid nature of the private equity holdings; the need to retain cash for investment opportunities; and the level of the Company's borrowing, if any.

Portfolio activity

Further progress was made during the period in deploying capital into attractive investment opportunities to increase portfolio diversification. Details of these investments are available in the Portfolio Managers' Report. This was limited to public equities in the period as, despite detailed due diligence on a number of private equity opportunities, no new private investments were made. The investment team remained focused on pricing discipline in a highly competitive market. Good companies do not make good investments if the pricing is too high. I am pleased to report that since the period end, we have announced three new private equity investments into Mintec, CFC, and Pirum.

Following these investments private equity investment represented approximately 49%[1] of Company's Gross Asset Value. This achieves the target that we set out at Initial Public Offering ("IPO"). In addition, the Company has made commitments to support portfolio companies in executing their growth strategies and has now fully utilised its allowed exposure to private investments.

Proposed change of investment policy

At IPO in December 2020, your Board indicated in its investment policy that it would aim to achieve approximately 50% of public equity investments and approximately 50% of private equity investments, once fully invested. We also set an investment restriction stating that private equity investments could account for no more than 60% of the Company's Gross Asset Value at the time of commitment.

[1] Allocation % calculated using 6th of June 2022 Gross Asset Value with Private Equity valuations as at 31 December 2021

[2] Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Chairman's Statement

Following the commitment to the latest private investment, and taking into account existing commitments, the allocation to private equity is now fully utilised.

After careful consideration and consultation with shareholders, given the strong pipeline of investment opportunities identified by our Portfolio Managers', your Board is proposing to remove the 50:50 allocation guidance and the private equity limit. This will give our Portfolio Managers more flexibility to take advantage of further private equity opportunities should they deem them attractive when weighed against opportunities available in public markets and vice versa. The investment restriction that the Company's portfolio must contain a minimum of 30 holdings is unchanged and it is the Board and the Portfolio Managers' intention that the portfolio will continue to contain a diverse range of public and private equity investments.

The amended investment policy is set out in the Notice of Meeting at the end of this report and accounts and the changes will be put forward to shareholders for approval at the AGM.

Webinar from the Portfolio Managers and shareholder communications

Our Portfolio Managers will be presenting at a webinar on Tuesday 19 July 2022 from 1.00 – 2.00 p.m. to provide some insight into their decision making and the current portfolio. Shareholders are encouraged to visit the website: https://www.schroders.com/sbo to sign up.

Regular news about the Company can be found on the website: https://www.schroders.com/en/uk/private-investor/fundcentre/funds-in-focus/investment-trusts/schrodersinvestment-trusts/never-miss-an-update

AGM

Our second AGM will be held on Monday, 5 September 2022 at 12.00 noon at 1 London Wall Place, London EC2Y 5AU. Our Portfolio Managers will provide a short presentation at this meeting to investors who attend in person.

Your Board welcomes shareholders' comments and questions for us or our Portfolio Managers. Please contact us via our Company Secretary: amcompanysecretary@schroders.com or write to us at The Company Secretary, Schroder British Opportunities Trust plc at the above address.

We will endeavour to get your questions answered and published prior to the AGM and will also provide answers to commonly asked questions on the Company's webpages.

Shareholders are also encouraged to cast their votes by proxy to ensure that they are counted. Your Directors consider that all of the resolutions being proposed are in the best interests of the Company and its shareholders and therefore recommend a vote in favour of each, as your Directors intend to do in respect of their own holdings.

Outlook

Despite the challenging economic environment, your Board is pleased with the diversified portfolio the Portfolio Managers have constructed since IPO across a broad range of leading UK businesses, both listed and privately owned, spanning a number of sectors. The Company continues to invest 'fresh' equity into small to mid-sized British businesses, facilitating and driving growth, in line with its IPO mandate.

Equity valuations are seemingly disconnected from fair value in many sectors and market sentiment is driving pricing rather than fundamentals. This creates opportunities for a smart investor and our Portfolio Managers aim to add attractively valued investments that display characteristics such as pricing power, business transformation potential and robust technological enablement. The Company has a strong pipeline of innovative British companies but will maintain its pricing discipline when assessing further additions.

Your Board is disappointed by market conditions reducing shareholder return over the period but remains confident in the medium term about the strength of the current portfolio and the further opportunities in consideration at the time of writing.

Neil England
Chairman

13 July 2022

Portfolio Managers' Review

Introduction

Summary

- The Company reported a net asset value ("NAV") of 104.14p per share as of 31 March 2022, a decrease of 4.0% relative to the NAV as of 30 June 2021 (108.44p per share).
- In a challenging environment, the private equity holdings have continued to perform strongly throughout the period. In this regard, the revaluation of our largest investment, **Rapyd**, and the overall resilience of the private equity holdings has been particularly pleasing. Meanwhile, turbulent markets and a progressively challenging economic environment largely contributed to weakness of the public equity holdings, with **Victorian Plumbing** and **Trustpilot** weighing on returns despite strong share price performance from positions in **Watches of Switzerland** and **Blue Prism** over the period.
- We continued to seek to invest fresh equity, where attractive, into small to mid-sized British businesses, facilitating and driving their growth. We have now made a total of 15 primary equity investments (IPOs, rights issues or equity placings) since the Company's launch.
- We continued to seek out attractive businesses that we believe exhibit strong growth trajectories and added five new holdings to the portfolio over the period (**LendInvest**, **MaxCyte**, **Velocys**, **On The Beach Group** and **Sosandar**), while we exited two, and another was disposed of following a take-over.
- As at 31 March 2022, 83% of net assets were invested across public equities and private equities, of which 35% of net assets were invested in private companies.
- At the period end, the Company held a total of 37 holdings (six of which were private investments), all of which were made from a bottom-up, rather than top-down approach to investing. With that said, the portfolio was skewed towards investments in the IT Services and Commercial Services & Supplies sectors. After the end of the period, further progress with the portfolio was made, including three new exciting private equity investments in **CFC**, **Mintec** and **Pirum**. At the time of writing, the Company has reached its target allocation of c.50% per cent private equity investments, while delivering this within the deployment timeline of 6 to 24 months from IPO.
- While the current economic environment may be challenging, we believe this is one of the most opportune times to be an investor, where falling valuations for many businesses are removed from their underlying positive fundamentals.

Market

The period was a game of two halves, especially for small and mid-cap areas of the market. UK public equities in aggregate rose over the last six months of 2021, punctuated by bouts of volatility driven by COVID-19 news. UK large, mid and small cap equity (FTSE 100, 250 and Smaller Companies respectively) indices posted positive returns. However, while UK equities overall were resilient in Q1 2022 as investors began to price in the additional inflationary shock of Russia's invasion of Ukraine, this resilience was driven by large cap oil, mining, healthcare and banking companies. Meanwhile, UK small and mid-cap stocks performed poorly; they were negatively impacted as consumer-focused sectors and a number of economically sensitive areas of the market underperformed. Companies offering high future growth potential lagged as the prospect of rising interest rates continued to heavily influence the investor mindset in favour of nearer-term returns. Given the portfolio's focus on investing in companies with strong long-term growth prospects, this was a challenging period.

In private markets, the second half of 2021 saw continued high levels of activity taking total deal volumes and deal numbers to record levels for the year in the UK. This reflected confidence returning to the market following a disrupted 2020. The final quarter of 2021, however, saw several headwinds emerge which caused a slight cooling in sentiment. The Omicron variant of Covid-19, combined with ongoing issues around supply chains, and the emergence of inflation, led to the reassessment of transactions. However, deals continued to complete as demand remained high. Despite the correction in public equity markets which started in the first quarter of 2022, private markets, particularly at the growth and buyout stage where the Company is most focused, remained buoyant as transactions negotiated over the preceding 3-9 months continued to come to fruition. The first signs of the downturn approaching were most evident in the valuations of venture-stage businesses in the technology sector, which saw steep mark-to-market corrections. Throughout this period of irrational exuberance, which resulted in more capital chasing after transactions, we continued to remain particularly cautious, maintaining our price discipline, and no new private investments were made during the period.

Portfolio Managers' Review

Portfolio performance

Attribution analysis £m	Quoted	Unquoted	Derivatives	Net cash	Other	NAV
Value at 30.06.21	43.8	20.7	(0.2)	18.0	(1.0)	81.3
Investments	7.1	0.2	–	(7.3)	–	–
Realisations at value	(5.7)	–	0.7	5.0	–	–
Fair value (losses)/gains	(7.9)	6.5	(0.5)	–	–	(1.9)
Costs and other movements	–	–	–	(0.2)	(1.1)	(1.3)
Value at 31.03.22	**37.3**	**27.4**	**(0.0)**	**15.5**	**(2.1)**	**78.1**

Source: Schroders, as of 31 March 2022. Numbers have been rounded.

The Company reported a net asset value ("NAV") of 104.14p per share as of 31 March 2022, a decrease of 4.0% relative to the NAV as of 30 June 2021 (108.44p per share).

The NAV return of -4.0% comprised:

- Quoted holdings: -9.8%
- Unquoted holdings: 8.2%
- Costs and other movements: -2.4%

Watches of Switzerland performed very well following the announcement of an ambitious store expansion plan, which led it being the top performing stock in the FTSE 250 in 2021 and a key positive contributor to the Company's performance. However, the stock has weighed on returns in 2022 to date as its shares have been a casualty of the wider sell-off of the luxury goods sector witnessed this year. Elsewhere, **OSB** and **Blue Prism** also did well, with the latter's performance driven by it being sold to SS&C Technologies.

As mentioned earlier, as 2022 took shape, companies offering high future growth potential were negatively impacted in the public markets, as the prospect of rising interest rates continued to heavily influence the investor mindset in favour of nearer-term earnings. For example, the share prices of our holdings in **MaxCyte** and **Trustpilot** were impacted by the sell-off of risk assets. Although these are presently loss-making companies, upward momentum continues in the underlying businesses, and this drove us to use the market weakness as an opportunity to increase the size of our holdings in Q1 2022. Meanwhile, **Victorian Plumbing** has had a disappointing start since becoming a public company in June 2022, with its shares impacted during the period by downward revisions in its revenue growth guidance. After carefully reassessing our investment, we believe it is well placed relative to its peers to compete in the current environment, with its strong balance sheet anchoring our investment thesis. Lastly, our position in **Luceco** held performance back due to a combination of concerns about the resilience of growth in the RMI space, as well as higher than expected costs.

In a challenging environment, the private equity holdings have continued to perform strongly and the overall resilience of the private holdings has been particularly pleasing. The Company's unquoted holdings saw an increase in value of 32.4%, offsetting 8.2% of the full year decrease in NAV. **Waterlogic** was marked up towards the end of 2021, a valuation which was retained at the period end, to reflect substantial progress in its buy and build plan, including the transformational agreement to combine with Culligan International, creating a global leader in sustainable drinking water solutions and services. At the time of writing, the deal remains subject to receipt of regulatory approvals and the satisfaction of customary closing conditions, which are expected in the second half of 2022.

Another key contributor to performance was **Rapyd**, the world's largest local payments network, which increased in fair value by a total of 28% or £1.9m, reflecting the company's strong recent financial performance. Furthermore, while valuation multiples have been volatile over the recent past, some of **Rapyd's** close comparators continue to be resilient. One of the principal drivers of the company's growth was the self-service on-boarding tool. **Rapyd** remains the company's largest holding representing 13.2% of total investments.

Elsewhere across the portfolio, several other private equity investments have also seen uplifts thanks to positive underlying operational progress. London-based technology-enabled home-care company **Cera** has been marked up 39.0% in the period, following strong sales growth. Meanwhile, **EasyPark**, a leading, fast growing parking tech company that helps drivers find and manage parking spaces and charge their electrical vehicles, has also risen in value due to the company's positive integration with ParkNow and its continued geographic expansion.

Graphcore and **Learning Curve** have also continued to make good progress but remain broadly held at or near cost reflecting the relatively short time since the Company's initial investments.

Key positive and negative performers over the 9 months to end March 2022

Top 5 contributors	Contribution %
Waterlogic	+2.4
Rapyd Financial Network	+2.3
Cera	+1.5
Easypark	+1.0
Watches of Switzerland	+0.9

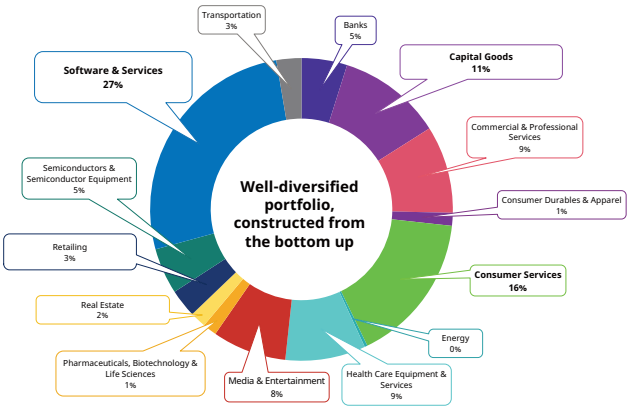
Portfolio Managers' Review

Bottom 5 contributors	Contribution %
Victorian Plumbing	(1.4)
Luceco	(0.9)
Trustpilot	(0.9)
GB Group	(0.8)
Ibstock	(0.7)

Portfolio activity & review

The portfolio is diversified across a number of industry sectors, and in the chart below we show the split of the portfolio at the end of the period. We believe that diversification is key to the protection of capital. Whilst some areas of the market may be in favour in certain periods, we believe that an all-weather portfolio will better protect investors in the long run, with more stable investment returns.

Industry group as % of total investments



The portfolio has been constructed from the bottom up, with a focus on businesses with strong competitive advantages, large total addressable markets and strong management teams. The result is a portfolio that is well-exposed to companies with a technology offering (notably in software & services and semiconductors & semiconductor equipment areas of the market), which reflects the digitalisation age of today as well as our belief that this will continue. While there is exposure to the wider consumer discretionary sector, which is facing significant inflationary risk, we believe our investments are poised to navigate the current landscape and beyond due to a combination of strong pricing power, market leadership and/or high barriers to entry. Meanwhile, the energy sector is a relatively small component of the portfolio presently, which may or may not change over time.

Over the period, we continued to invest in attractive businesses which we believe exhibit strong growth trajectories underpinned by a range of factors including regulatory tailwinds, the opportunity to increase and benefit from competitors leaving the market. In the last six months of 2021, activity included participation in the IPO of buy-to-let mortgage lender **LendInvest**, and new investments in medical device company **MaxCyte**, sustainable fuels company **Velocys** and online travel agent **On The Beach Group**. While at the beginning of 2022, we invested in online clothing retailer **Sosandar**.

December 2021 saw one of our companies, **Blue Prism**, taken private by SS&C Technologies, making it the second company in our portfolio to have been divested following a take-over offer.

The end of 2021 also saw us continue to invest in fresh equity placings, this time in **DiscoverIE**, **Velocys**, **GB Group**, **Invinity Energy Systems** and **Ideagen**, taking the total number of primary equity investments since the Company's launch to 15. It was also the second time since the launch of the Trust that the latter two firms had raised equity to fund a pipeline of growth opportunities in their end markets. Perhaps indicative of its attractiveness, after the period-end **Ideagen** received a confirmed bid from Hg Capital, a European private equity firm, and the firm is now delisted from the stock market. As active investors, we are always pleased to see our portfolio companies make positive changes from an environmental, social and governance ("ESG") perspective following our engagements with them, especially where we are providing fresh equity to facilitate and drive their future growth. DiscoverIE is a good example. While we engaged with a number of portfolio companies on ESG matters over the period, we engaged with DiscoverIE in August 2021 with a focus on board diversity, remuneration and climate change. The firm subsequently announced the appointment of a female ethnic minority member on the board with effect from January 2022 and has since adopted a revised diversity policy which includes targeting a minimum 40% female board. Elsewhere it has prioritised reducing carbon emissions by 50% as a first step towards achieving its a 'net zero' target.

As 2022 gathered pace, public equity markets weakened from concerns over higher-than-expected inflation caused by a combination of supply chain disruptions and the war between Russia and Ukraine. The cash buffer that we held during such a volatile period served us well to not only preserve the net asset value of the Company during falling markets, but also as dry powder to invest in emerging opportunities.

During the first quarter of 2022, we did not deem there to be any IPO opportunities attractive enough to participate in for inclusion in the portfolio. Following a significant fund-raising cycle in 2020 and 2021, we found that companies seeking to list on the stock market in the first few months of 2022 were either low in quality or expected valuations that we believed were not befitting of the prevailing pricing environment. Our focus is on finding opportunities for growth and we remain disciplined in our approach and continued to assess opportunities across both public and private markets. We did however see significant dislocations in asset prices of already-listed companies whose underlying fundamentals had not changed. Some of these we held, such as **Trustpilot** and **Watches of Switzerland**, in which we modestly increased our positions. The shares of both companies sold off for different reasons, but ultimately a 'risk-off' environment meant that the market was not willing to pay for growth.

Elsewhere, we sold out of **Breedon**, **Ibstock** and **Civitas**, the latter after the period end. Separately, we also reduced exposure to more cyclically exposed companies **Volution**

Portfolio Managers' Review

and **Bodycote**, as we felt they would be pressured in the current environment.

Over the period, we conducted a significant amount of due diligence on a number of new, private equity opportunities that have been progressing through our investment pipeline. However, we remained steadfast in our pricing discipline and ultimately declined several deals on valuation grounds. This patience was rewarded after the period end with three new investments, which we believe represent attractive entry points that remain true to our valuation philosophy.

Developments since 31 March 2022

In May 2022, we announced the investment into **Mintec**, a leading provider of food-related commodity pricing. This was an investment that exemplified the collaborative research efforts of Schroders' public and private equity teams who manage the Company's portfolio, with the former offering crucial insights into the attractions of **Mintec's** business model following research carried out on **Euromoney Institutional Investor**, one of Europe's largest business and financial information companies, and one of the public equity positions in the portfolio, which owns a similar business in the same industry. The benefit of this shared insight demonstrates the unique collaborative research element in our management of the Company relative to other wholly private equity or wholly public equity investment vehicles. In the same month, we also announced the investment into **CFC**, a technology-driven global insurance business that has established itself as a leader in cyber and provider of cover for a diverse range of emerging risks that sit at the intersection of technology and business.

In June 2022, we announced the investment into **Pirum**, a leading provider of post-trade automation and collateral management technology for the global securities industry and the Company's ninth private equity investment since launch. Pirum was founded in 2000 to provide advanced, centralised and secure reconciliation services for financial market participants and has a market leading position.

We are delighted to have completed these three new private equity investments in strong, UK-based, market leaders. We had been tracking these businesses for an extended period of time through our long-term relationships with private equity firms Synova, Bowmark and Vitruvian, and supplemented these efforts with enhanced due diligence made possible by the close working relationship between our public and private equity teams, which provided the widest possible lens for assessment of our new investee companies. We expect these businesses to be resilient to the ongoing macroeconomic and market trends and are excited to be part of the next phase of their growth story.

As at 8 July 2022 the Company holds a cash balance of £2.5m.

The below figure illustrates the progress made over the 12 months to end June 2022.

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
Announcement				Annual Financial Report published		+2.1% revaluation of quarterly NAV as at 30 Sept 2021	Waterlogic combination with Culligan International		Half Year Report published			
Private equity investment											Mintec, CFC	Pirum
Funding round confirmation		Rapyd										
IPO	LendInvest											
Participation in primary equity placing	Gym Group, Learning Technologies, Ascential		discoverIE		GB Group, Invinity Energy Systems	Ideagen, Velocys						
Participation in secondary equity placing												
Other notable public equity additions				MaxCyte		On The Beach Group	Sosandar					
Sold									Breedon, Ibstock			Civitas
Bid for			Blue Prism								Ideagen	EMIS Group, Euromoney

Portfolio Managers' Review

Outlook

The recent downturn in tech stocks precipitated by rising inflation and interest rates, as well as the ongoing war in Ukraine, has principally impacted the venture capital and pre-IPO landscape, where valuation multiples have significantly contracted, putting them at a funding risk in the current environment. In contrast, our portfolio focusses its private investments on the later 'growth capital' and 'buyout' areas of the private equity landscape, where valuations have contracted but the delta has been relatively more resilient. Whilst we recognise that private equity valuations may continue to converge towards that of the public markets, we believe that the business models of our investments, and their end market fundamentals, differentiate our portfolio. This was evidenced during the period, where the aggregate of our private asset portfolio was revalued upwards – a function of growth in the underlying businesses offsetting the compression in the valuation multiples applied to them.

A change in the business cycle represents an opportunity for leading companies to consolidate their advantage by acquiring smaller players at attractive valuations. We have seen a number of the private companies in our portfolio complete acquisitions, and we expect this trend to continue. Indeed, this is often a key part of our investment case and so far, Learning Curve, Waterlogic, EasyPark, Rapyd and Cera have each implemented a targeted and disciplined M&A approach to grow their revenues. Furthermore, we have seen some evidence that our private investments are attractive to third parties via the December 2021 announcement that Waterlogic is to merge with Culligan International, which is subject to regulatory approval.

On a weighted-average basis, the revenue growth reported by our current portfolio companies for their respective fiscal 2021 year was approximately 47%. We believe investing in high quality, high growth businesses such as these alongside strong management teams and highly regarded investors will generate strong returns over the long term. Valuations may ebb and flow but the growth in these businesses will drive long-term value.

We expect to see more attractive public and private investment opportunities emerging and will look for factors such as pricing power, business transformation potential and robust technological enablement. As ever, we will maintain price discipline in our investment approach.

We see the pace of the current quantitative tightening cycle as the greatest risk to equity markets for the rest of 2022, whilst inflation will continue to weigh on consumer confidence and impact the demand outlook. The portfolio is not immune to the forces which are buffeting the full spectrum of financial assets at the moment but in this environment, there is opportunity.

While 'growth' as an investment style may be challenged in the current environment, falling valuations for many businesses are removed from their underlying positive fundamentals. Our differentiated public-private equity strategy enables to invest without boundaries, whilst broadening our investable universe. We are not forced sellers when an investment crosses from private to public and vice versa – as such we hope to maximise the value creation of our investments for longer; and makes us more informed investors.

Schroder Investment Management Limited

13 July 2022

The Company's top ten holdings as of 31 March 2022 are set out below.

Top 10 holdings	Quoted/ unquoted	Fair value as of 30 June 2021 (£'000)	% of total investments	Fair value as of 31 March 2022 (£'000)	% of total investments
Rapyd Financial Network[1]	Unquoted	6,667	10.3	8,565	13.2
Waterlogic[2]	Unquoted	3,928	6.1	6,045	9.3
Cera	Unquoted	3,245	5.0	4,509	7.0
Graphcore	Unquoted	2,896	4.5	3,178	4.9
EasyPark[3]	Unquoted	1,962	3.0	2,775	4.3
Learning Curve[4]	Unquoted	2,032	3.2	2,336	3.6
Ascential	Quoted	2,451	3.8	2,222	3.4
OSB	Quoted	1,795	2.8	2,187	3.4
Keyword Studios	Quoted	1,722	2.7	1,808	2.8
Genuit	Quoted	2,246	3.5	1,800	2.8

[1] Held via intermediary vehicle, Target Global Fund.
[2] Held via intermediary vehicle, EPIC-1b Fund.
[3] Held via intermediary vehicle, Purple Garden Invest (D) AB.
[4] Held via intermediary vehicle, Agilitas Boyd 2020 C0-Invest Fund.

Source: Schroders

Ten Largest Investments

Rapyd

The world's largest local payments network

Rapyd is the fastest way to power local payments anywhere in the world, enabling companies across the globe to access markets quicker than ever before. By utilizing Rapyd's payments network and Fintech-as-a-Service platform, businesses and consumers can engage in local and cross-border transactions in any market. The Rapyd platform is unifying fragmented payment systems worldwide by bringing together 900-plus payment methods in over 100 countries.

Latest updates:

- Acquired Valitor, a European payments and card issuing company, and launched Rapyd Ventures. Rapyd also announced in December that it had agreed to acquire Hong Kong based Neat, a cross-border trade enabling platform for small and medium-sized businesses and start-ups.
- Raised a further $300m in August 2021 to enable the company to capitalize on emerging opportunities and accelerate the company's growth.
- In May 2022, Rapyd announced the launch of Virtual Accounts, a vital product, empowering businesses to expand globally while supporting local payments. This new offering allows organizations anywhere in the world to securely and reliably accept local bank transfers across over 40 countries in more than 25 currencies, including the US, UK, EU, and APAC regions. The launch of Virtual Accounts comes at a crucial time for businesses searching for payment support to allow them to tap into the global marketplace. We continue to be impressed by the innovation and pipeline roll out at Rapyd.

Source: Pictures shown are the property of their respective entities where appropriate

Waterlogic

Provider of global workplace hydration solutions

Waterlogic is an innovative designer, manufacturer, distributor and service provider of drinking water dispensers and solutions designed for environments such as offices, factories, hospitals, restaurants, hotels, schools, and public spaces. From freestanding, countertop and integrated dispensers to water filling stations, fountains and boilers, every solution focuses on delivering high quality water in a safe and sustainable way.

Latest updates:

- In January 2022, the company agreed to combine with Culligan International to create a leader in sustainable drinking water solutions and services. The transaction brings additional scale and expertise to drive innovation in the development of new water filtration, purification and treatment solutions.
- In April 2022, Waterlogic, announced the acquisition of The Pure Water Company. Located in Norway, The Pure Water Company is a supplier of water purifier systems for Office & Horeca in Norway, with recent expansion into Sweden and Denmark. The acquisition of the business expands Waterlogic's reach and foothold in the Nordic market and gives the Company a strong opportunity to introduce and offer an even wider range of hydration solutions.

Source: Pictures shown are the property of their respective entities where appropriate

Cera

Technology-enabled home care services provider

Cera is a technology-enabled healthcare company which has grown rapidly to become one of the largest home care providers in the United Kingdom. Cera has pioneered digital services, data analytics technologies

and artificial intelligence to improve elderly care, empowering users to live longer, healthier and better lives at home.

Latest updates:

- The new financing from the former round was used to advance the company's tech platform, as well as further scale its service platform through the acquisition of small and mid-sized home care serve providers in the UK.
- In October, Cera announced its plans to develop 15 digital healthcare hubs in cities and towns throughout the UK over the next six months. These hubs, combined with Cera's existing network throughout the UK, will see the company providing healthcare services to a community equal in size to the capacity of several dozen NHS hospitals or 1000 care homes every day.

Source: Pictures shown are the property of their respective entities where appropriate

Graphcore

Developer of new processors for machine intelligence

Graphcore has developed the Intelligence Processing Unit (IPU), a new type of microprocessor specifically designed from the ground up to meet the needs of current and next-generation artificial intelligence ("AI") applications. Graphcore's proprietary technology combines its advanced semiconductor hardware, the world's most complex processor, with its powerful software tools, to dramatically outperform legacy technologies such as graphic processing units.

Latest updates:

- Graphcore has begun shipping its new IPU product – a powerful compact, affordable system for innovators to explore new machine intelligence approaches enabled by Graphcore's IPU technology.
- In February 2022, Graphcore announced a partnership with NEC – one of the world's best known and most respected technology companies – to accelerate heterogeneous supercomputing and innovation in artificial intelligence. The collaboration brings together their Intelligence Processing Unit (IPU) systems with NEC's vector supercomputer SX-Aurora TSUBASA to deliver AI high-performance solutions to customers worldwide. Graphcore became part of NEC's offering to customers who are building their AI compute capacity and want the advanced capabilities and performance advantage made possible by the IPU.

Source: Pictures shown are the property of their respective entities where appropriate

EasyPark

Fast-growing European mobility company that helps drivers to find, manage and pay for both parking and electric vehicle charging

EasyPark Group's technology supports its users, the companies they work for, cities and parking operators with parking administration, planning and management working seamlessly in over 2,200 cities across 20 countries throughout Europe and Australia.

Latest updates:

- Our investment provided part of the financing for EasyPark's acquisition of PARK NOW, which offers a broad portfolio of digital services related to parking. This will enable EasyPark to grow further and become a global pacesetter in parking-related mobility services.

- In February 2022 EasyPark Group, announced that PARK NOW users in Austria are being migrated to the EasyPark app, followed by Swiss, German and French users in the upcoming months. The PARK NOW has been a part of EasyPark Group since June 1, 2021, and the integration of the two companies is being realized in several steps.
- Additionally, in moving its leading position forward, the EasyPark Group became the first parking application to launch Android Auto support. This means that EasyPark has taken another step towards more accessible and frictionless car parking for millions of drivers.
- EasyPark announced in March 2022 that after 14 successful years as CEO of EasyPark Group, Johan Birgersson has decided to step down from his position to enable a leadership transition ahead of the company's next phase. Cameron Clayton, previously CEO of The Weather Company, will take over the role as CEO of EasyPark Group as of April 19, 2022. Johan Birgersson will continue as a Senior Advisor to Cameron Clayton and to the Board of Directors. We see this as a positive development as EasyPark continues to scale and expand its international operations in-line with our original business case.

Source: Pictures shown are the property of their respective entities where appropriate

Learning Curve Group

Provider of training and education services for adults

Learning Curve provides life-changing opportunities for over 120,000 learners and 4,500 employers per year to help upskill both new and existing staff, enabling individuals to develop new skills in order to enter employment or advance their careers. The company, which has received 'Good' or 'Outstanding' OFSTED ratings for its business divisions, works with a range of businesses, individuals and further education colleges across the UK, offering a diverse range of over 150 courses in a variety of sectors including Health & Social Care, Education, Business and IT, Hair & Beauty and Fitness.

Latest updates:

- In December 2021, Learning Curve announced the acquisition of Cardiff-based Motivational Preparation College for Training to complement its existing academy.
- The company has been shortlisted for several awards in 2021 and in July 2021 successfully secured funding to play a key role in a high-profile government initiative to deliver skills bootcamps in construction, digital and rail engineering.
- In March 2022, Learning Curve announced that they had joined forces with recruitment and leadership development organisation, Breakthrough, who work with hard-to-reach individuals to support them into employment. The partnership will provide extensive, expert training to ex-offenders and match them with innovative employers, enabling businesses to diversify their workforce and tap into unique, inspiring talent through fully supported apprenticeships. Learning Curve works with over 4,500 employers across the country every year to support them with training solutions. Furthermore, 81% of employers who have hired ex-offenders through the Breakthrough programme have said it has helped their business. Learning Curve is a leading example of a company that contributes positively towards society and supports the UN sustainable development goals (including 10: reduce inequality within and among countries).

Source: Pictures shown are the property of their respective entities where appropriate

Ascential

Marketing for the digital age

Ascential has its origins in 19th century newspapers but today it is one of the next generation marketing companies, leading the way in using real-time data analytics to monitor and adapt pricing and product strategy for their clients. It works with two thirds of the world's 100 most valuable brands and has become indispensable in understanding key nascent market trends. They also operate key events and exhibitions such as Cannes Lion and Money 20/20.

Latest updates:

- For the first time since the COVID 19 outbreak, in 2022 Ascential delivered an in-person Cannes Lion festival with a good recovery in awards and attendance, albeit still below 2019. A strong recovery in their other key event, fintech conference Money20/20, with revenue back to 98% of 2019 levels shows the importance of in-person meetings and the power of these strong brands. The continued recovery in these businesses should complement the ongoing growth in the marketing and e-commerce parts of their offering.
- The firm has continued to re-shape its business towards higher growth areas through M&A, having sold MediaLink in December 2021 and acquired Sellics in April 2022. Sellics provides media execution services to challenger brands and further increases their exposure to ecommerce which is the fastest growing area of media spend globally.
- Ascential is also looking to crystallise some value in its high growth but underappreciated digital assets by potentially listing some of those assets in the US where such companies are awarded higher multiples. We are agnostic to whether this happens given our long-term approach but believe it could validate the investment case sooner than we otherwise expect.

Source: Pictures shown are the property of their respective entities where appropriate

OSB Group

Leading specialist mortgage lender

OSB Group is a leading specialist mortgage lender, primarily focused on carefully selected sub-sectors of the mortgage market. Its specialist lending is supported by a stable retail savings franchise with 150 years of heritage.

Latest updates:

- In March 2022, the company announced its preliminary annual results for the year ending 31 December 2021, which showed that its underlying profit before tax increased 51%, whilst its underlying and statutory loan book rose by 10% to £20.9bn and £21.1bn respectively. The results generally highlighted a high-quality loan book and a company that is poised to do well as interest rates rise.

Source: Pictures shown are the property of their respective entities where appropriate

Keywords Studios

International technical and creative services provider to the global video games industry and beyond

Keywords Studios is an international technical and creative services provider to the global video games industry. Established in 1998, and now with over 70 facilities in 23 countries strategically located in Asia, Australia, the Americas and Europe, it provides integrated art creation, marketing services, game development, testing, localization, audio and player support services across more than 50 languages and 16 games platforms to a blue-chip client base of over 950 clients across the globe. Keywords Studios has a strong market position, providing services to 23 of the top 25 most prominent games companies. Across the games and entertainment industry, clients include Activision Blizzard, Bandai Namco, Bethesda, Electronic Arts, Epic Games, Konami, Microsoft, Netflix, Riot Games, Square Enix, Supercell, TakeTwo, Tencent and Ubisoft.

Latest updates:

- The company's full year results to 31 December 2021 showed strong momentum in revenue growth, supported by a buoyant video games industry that was refocused on content creation and a continued trend towards external service provision.
- The firm has completed many acquisitions over the last several months and with its strong balance sheet, we believe there is scope for further deals in the future.

Source: Pictures shown are the property of their respective entities where appropriate

Genuit Group

Group of businesses that serve the construction industry by providing sustainable water, climate and ventilation management solutions

Genuit has a goal to be the leading provider of sustainable construction products for heating, plumbing, drainage, and ventilation. Its purpose is to address the challenges caused by climate change and urbanisation by providing water, climate and ventilation management solutions to the residential, commercial and infrastructure sectors.

Latest updates:

- Genuit has continued to benefit from COVID induced spending on home improvement and sustainability solutions. Even against a strong performance last year, revenue in the first quarter of this year saw revenue increase 8%. This performance was helped by robust pass-through of cost inflation which has been supported by strong ongoing end market demand.
- Their acquisitions last year, Adey and Nu-heat, continue to perform well and help with energy transition through the provision of efficient home heating solutions and energy sources such as heat pumps. These types of solutions continue to receive regulatory support and are likely to be an important source of growth for years to come. They should also help the UK decarbonise given the residential sector is responsible for over 20% of the UK's total carbon emissions.
- As well as helping homes decarbonise through their products, they are reducing waste and decarbonising their own production by increasing the proportion of recycled materials in their products. In the 12 months to 31 December 2021, they increased the proportion of recycled materials used in their products to 49% (up from 46% the prior year) and continue to make progress towards their 62% 2025 target. Additionally, they also reduced their carbon intensity by 44% through switching to renewable sources.

Source: Pictures shown are the property of their respective entities where appropriate

Investment Portfolio at 31 March 2022

Holding	Class of shares	Quoted/ unquoted	Country of incorporation	Industry Sector	Fair value £'000	Total investments %
Rapyd Financial Network[1]	Ordinary	Unquoted	United Kingdom	Technology	8,565	13.2
Waterlogic[1]	Ordinary	Unquoted	United Kingdom	Consumer Goods	6,045	9.3
Cera EHP S à r l	Ordinary	Unquoted	Luxembourg	Health Care	4,509	7.0
Graphcore	Preference	Unquoted	United Kingdom	Technology	3,178	4.9
EasyPark[1]	Ordinary	Unquoted	Norway	Technology	2,775	4.3
Learning Curve[1]	Ordinary	Unquoted	United Kingdom	Consumer Services	2,336	3.6
Ascential	Ordinary	Quoted	United Kingdom	Consumer Services	2,222	3.4
OSB	Ordinary	Quoted	United Kingdom	Financials	2,187	3.4
Keywords Studios	Ordinary	Quoted	United Kingdom	Industrials	1,808	2.8
Genuit	Ordinary	Quoted	United Kingdom	Industrials	1,800	2.8
Dalata Hotel	Ordinary	Quoted	Ireland	Financials	1,778	2.7
National Express	Ordinary	Quoted	United Kingdom	Consumer Services	1,726	2.7
Watches of Switzerland	Ordinary	Quoted	United Kingdom	Consumer Services	1,721	2.7
Learning Technologies	Ordinary	Quoted	United Kingdom	Technology	1,617	2.5
SSP	Ordinary	Quoted	United Kingdom	Consumer Goods	1,496	2.3
GB	Ordinary	Quoted	United Kingdom	Technology	1,493	2.3
Euromoney	Ordinary	Quoted	United Kingdom	Consumer Services	1,449	2.2
Trainline	Ordinary	Quoted	United Kingdom	Technology	1,415	2.2
Discoverie	Ordinary	Quoted	United Kingdom	Industrials	1,228	1.9
Volution	Ordinary	Quoted	United Kingdom	Oil & Gas	1,192	1.8
The Gym	Ordinary	Quoted	United Kingdom	Consumer Services	1,185	1.8
City Pub	Ordinary	Quoted	United Kingdom	Consumer Services	1,147	1.8
Bodycote	Ordinary	Quoted	United Kingdom	Industrials	1,110	1.8
Civitas Social Housing	Ordinary	Quoted	United Kingdom	Financials	1,109	1.7
On the Beach	Ordinary	Quoted	United Kingdom	Consumer Services	1,058	1.7
EMIS Group	Ordinary	Quoted	United Kingdom	Technology	1,039	1.6
Lendinvest	Ordinary	Quoted	United Kingdom	Financials	964	1.5
MaxCyte	Ordinary	Quoted	United States	Technology	961	1.5
Ideagen	Ordinary	Quoted	United Kingdom	Technology	938	1.5
Sosandar	Ordinary	Quoted	United Kingdom	Consumer Services	890	1.4
Trustpilot	Ordinary	Quoted	United Kingdom	Technology	852	1.3
Judges Scientific	Ordinary	Quoted	United Kingdom	Industrials	843	1.3
Luceco	Ordinary	Quoted	United Kingdom	Utilities	754	1.2
tinyBuild	Ordinary	Quoted	United States	Technology	603	0.9
Invinity Energy Systems	Ordinary	Quoted	Jersey	Technology	284	0.4
Victorian Plumbing	Ordinary	Quoted	United Kingdom	Industrials	220	0.3
Velocys	Ordinary	Quoted	United Kingdom	Technology	194	0.3
Total investments[2]					**64,691**	**100.0**

[1] The fair value disclosed for the following investments represents the Company's investment in an intermediary vehicle:

Rapyd Financial Network (held via Target Global Fund).

Waterlogic (held via EPIC-1b Fund).

EasyPark (held via Purple Garden Invest (D) AB).

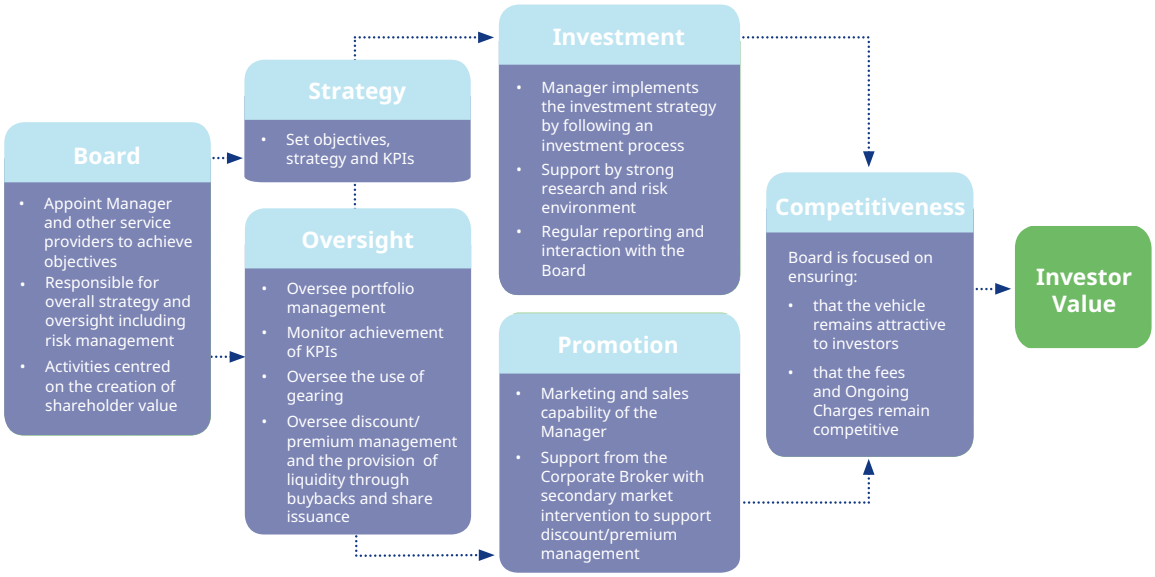
Learning Curve (held via Agilitas Boyd 2020 Co-Ivest Fund).

[2] Total investments comprise:

	£'000	%
Unquoted	27,408	42.4
Quoted on FTSE 250	18,279	28.3
Quoted on AIM	13,001	20.0
Quoted on FTSE Allshare	4,225	6.6
Listed on a recognised stock exchange overseas	1,778	2.7
Total	**64,691**	**100.0**

Strategic Review

The Strategic Report 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 Company is a listed investment trust, that has outsourced its operations to third party service providers. The Company has a fixed life and in the event that no alternative proposals are put forward to Shareholders and approved by Shareholders ahead of the winding-up date, and on or before a general meeting by 31 May 2028, a winding-up resolution will be proposed at the winding-up date to voluntarily liquidate the Company.

The Board has appointed the Manager, Schroder Unit Trusts Limited, 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. The terms of the appointment are described more completely in the Directors' Report including delegation to the Portfolio Managers. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above.

Investment objective

The Company's investment objective is to deliver long-term total returns throughout the life of the Company by investing in a diversified public equity and private equity portfolio of predominantly UK Companies.

Investment policy

The Company will invest in a diversified portfolio of both public equity investments and private equity investments consisting predominantly of UK Companies with strong long-term growth prospects.

It is anticipated that the Company's portfolio will typically consist of 30 to 50 holdings and will target companies with an equity value between approximately £50 million and £2 billion at the time of initial investment.

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs. The Company will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. The Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

The Company may, from time to time, use borrowings for investment and efficient portfolio management purposes. Gearing will not exceed 10 per cent. of Net Asset Value, calculated at the time of drawdown of the relevant borrowing.

The full investment policy can be found on the website and on pages 38 to 41 of the prospectus dated 10 November 2020. Proposed changes to the investment policy and restrictions set out below are summarised in the Chairman's Statement and can be found in full on pages 71 to 74 of the Notice of Annual General Meeting.

Investment restrictions

The Company will invest and manage its assets with the object of spreading risk through the following investment restrictions:

- no more than 10 per cent. of Net Asset Value may be invested in any investee company;
- once fully invested, the Company's portfolio shall comprise no fewer than 30 holdings;

- private equity investments will be limited to 60 per cent. of Gross Asset Value;
- no more than 20 per cent. of Net Asset Value may be invested in investee companies which are not UK Companies;
- the Company may not take a controlling stake in any investee company, whether directly or indirectly, and:
  - in respect of public equity investments, the Company may own no more than 10 per cent. of the total voting rights of any investee company; and
  - in respect of private equity investments, the Company may own no more than 20 per cent. of the enterprise value of any investee company; and
- the Company will not invest more than 10 per cent. in aggregate of Gross Assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.
- Additionally, in any event, the Company will itself not invest more than 15 per cent. of its Gross Assets in other investment companies or investment trusts which are listed on the Official List.

Unless otherwise stated, each of the above restrictions will be calculated at the time of commitment. Where the Company makes investments through one or more special purpose vehicles, owned in whole or in part by the Company or one of its affiliates (being an affiliate of, or person affiliated with, the Company, including a person that directly, or indirectly through one or more intermediate holding companies, controls or is controlled by, or is under common control with, the Company), the investment restrictions will be applied on a look-through basis.

Where the calculation of an investment restriction requires an analysis of underlying investments held by a fund in which the Company is invested, such calculation will be based on the information reasonably available to the Portfolio Managers at the relevant time.

The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. However, the Portfolio Managers will regularly monitor the Company's portfolio and make adjustments from time to time in light of the above restrictions.

The Investment Portfolio on page 15 demonstrates that, as at 31 March 2022, the Company held 37 investments spread over a range of industry sectors. The largest investment, Rapyd Financial Network, represented 13.2% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

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 Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders, as well as their advisers.

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 Managers' 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 Chairman are offered to investors when appropriate.

During the restrictions related to the COVID-19 pandemic, the Manager instead used virtual meetings, telephone calls and webinars to engage with shareholders.

Shareholders are encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly https://www.schroders.com/en/uk/privateinvestor/fund-centre/funds-in-focus/investment-trusts/schroders-investment-trusts/never-miss-an-update/.

Details of the Board's approach to discount/premium management and share issuance may be found in the Chairman's Statement on page 3 and in the Annual General Meeting – Recommendations on page 71.

Relations with shareholders

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

In addition to the engagement and meetings held during the period described on page 35, the chairs of the Board and committees and the other Directors, attend the AGM and are available to respond to queries from shareholders.

Key Performance Indicators ("KPI"s)

The Board reviews performance using a number of key measures, to monitor and assess the Company's success in achieving its objective. Further comment on performance can be found in the Chairman's statement. The following KPIs are used:

- NAV performance;
- Share price discount and premium; and
- Ongoing charges ratio.

Some KPIs are Alternative Performance Indicators ("APIs"), and further details can be found on page 2 and definitions of these terms on page 77.

- **NAV performance**

The Directors regard the Company's NAV performance as being the overall measure of value, delivered to shareholders over the long-term. The Company's NAV per share at 31 March 2022 was 104.14p (30 June 2021: 108.44p).

A full description of performance during the period under review is contained in the Portfolio Managers' Review.

- **Share price discount and premium**

The Board recognises that it is in the interests of shareholders to maintain a share price as close as possible to the net asset value ("NAV") per share.

Further comment on the Board's discount and premium control policy can be found in the Chairman's statement.

The Directors intend to seek renewal at each Annual General Meeting of their authority to allot shares or to buy back shares with a view to managing the premium/discount as well as creating further shareholder value. Shares will only be issued at a premium to NAV and bought back at a discount to NAV.

- **Ongoing charges**

The Board is mindful of the ongoing costs to shareholders of running the Company and monitors operating expenses on a regular basis.

Purpose, Values and Culture

Purpose

The Company's purpose is to provide all investors with access to high quality public and private equity companies focused on sustainable growth, resulting in long-term shareholder value, in line with the investment objective.

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance (ESG) perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs.

Values

The Company's culture is driven by its values: excellence, integrity and transparency, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board is responsible for setting culture and communicating its values to its stakeholders by demanding high standards from service providers in order to deliver excellent performance for shareholders. The Board's focus is on long-term growth rather than providing shareholders with dividend income. The Board's view is that good ESG management is an essential element of the sustainability of a company's business model and therefore key to generating long-term shareholder value. Further details on ESG company engagement can be found on page 25.

Culture

Acting with high standards of integrity and transparency, the Board is committed to encouraging a culture that is responsive to the views of shareholders and its wider stakeholders. 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 aims to fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders.

The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting 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 usage reporting.

Responsible investment

The Company delegates to its Manager the responsibility for taking ESG issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. The Board expects the Manager to exercise the Company's voting rights in consideration of these issues.

Further detail on engagement and stewardship can be found on page 25.

In addition to the description of the Portfolio Managers' integration of ESG into the investment process and the details in the Portfolio Managers' Review, a description of the Portfolio Managers' policy on these matters can be found on Schroders' website at www.schroders.com.

The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its application with the principles therein is reported on its website www.schroders.com/en/about-us/corporate-responsibility/sustainability/interpret/.

The Board receives reporting from the Manager on the application of its ESG investment process.

Corporate and Social Responsibility

Diversity

As at 31 March 2022, the Board comprised three men and one woman. The Board fully supports all forms of diversity, including gender and ethnic diversity, and has adopted a diversity and inclusion policy. Whilst the Directors are all independent and have a diverse range of views and experiences, the Board is conscious that its composition is not as diverse as the Directors would like. The Board is however also cognisant of the current size of the Company and the short tenure of the existing Directors given the Company's recent formation, as well as the impact of the Company's fixed operating costs. Therefore at present the Board does not consider it to be in the best interests of the Company to increase the size of the Board. This will be kept under review, and as and when further appointments are made, the Board will encourage any recruitment agencies it engages to find a diverse range of candidates that meet the objective criteria agreed for each appointment.

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly operates a financial crime policy, covering bribery and corruption, tax evasion,

money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, during the period, it consumed no energy and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report.

Section 172 of the Companies Act 2006

During the period, the Board discharged its duty under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of its stakeholders. The Board has identified its key stakeholders as the Company's shareholders, the Portfolio Managers, other service providers and the investee companies. The Board take a long-term view of the consequences of their decisions, as well as aim to maintain a reputation for high standards of business conduct and fair treatment among the Company's shareholders. The Board notes that 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 or investee companies have.

Fulfilling this duty naturally supports the Company in achieving its investment objective and helps to ensure that all decisions are made in a responsible way, taking sustainabilty into account. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Directors explain below how they have individually and collectively discharged their duties under section 172 of the Companies Act 2006 over the course of the reporting period and key decisions made during the period and related engagement activities.

Stakeholder	Stakeholder considerations, engagement and key decisions
Shareholders	The Company welcomes attendance and participation from shareholders at the AGM. If attending, shareholders have the opportunity to meet the Directors and ask questions at the AGM. The Board values the feedback and questions which it receives from shareholders. The annual and half year results presentations, as well as monthly updates are available on the Company's webpage with results announced via a regulatory news service. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. The Portfolio Managers communicate with shareholders periodically. All investors are offered the opportunity to meet the Chairman and other Board members without using the Portfolio Managers or Company Secretary as a conduit, by writing to the Company's registered office. At Board meetings, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press. The Board also engages some external providers, such as investor communications advisors, to obtain a more detailed view on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors. The Board is responsible for discount and premium management and is cognisant of the prevailing discount to NAV. Subsequent to the period end the Board utilised a share buy back to seek to maintain the price at which the ordinary shares trade relative to their prevailing NAV and determined that current market conditions had seen high, unforeseen levels of volatility which the Board does not regard as normal market conditions. Factors such as the size of the Company; illiquid nature of the private equity holdings; borrowings and cash were and would be considered in any further buy backs. For key decisions the Board took into account feedback from shareholders either directly or through service providers, including the Portfolio Managers.
The Portfolio Managers	The Portfolio Managers aim to continue to achieve consistent, long-term returns in line with the investment objective and maintain a close and collaborative working relationship with the Board. The Board maintains a constructive collaborate relationship with the Portfolio Managers, encouraging open discussion and recognising that the interests of shareholders and the Portfolio Managers are well aligned. The Board invites the Portfolio Managers to attend all Board and certain committee meetings and receives regular reports on the performance of the investments and the implementation of the investment strategy, policy and objective. The portfolio activities undertaken by the Portfolio Managers and the impact of decisions affecting investment performance are set out in the Portfolio Managers' Review on pages 5 to 14. The management engagement committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually.

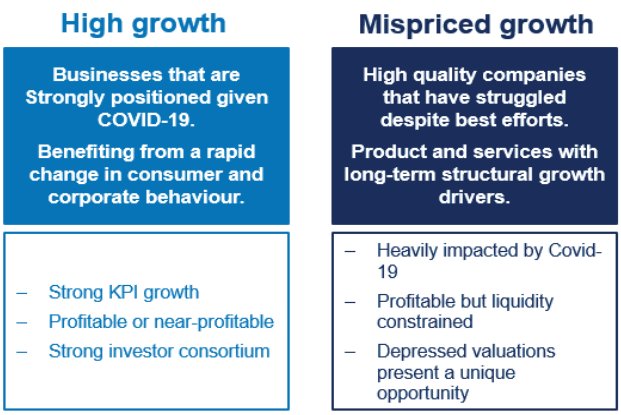
Strategic Review

Stakeholder	Stakeholder Considerations, Engagement and key decisions
Service Providers	The Board maintains regular contact with its key external providers, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account. During the period, the management engagement committee continued to undertake reviews of the third-party service providers and agreed that their continued appointment remained in the best interests of the Company and its shareholders. The committee periodically reviews the market rates for services received, to ensure that the Company continues to receive high quality service at a competitive cost. The Board regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, while being mindful of how any decisions which it makes can affect its shareholders and wider stakeholders, in the short and the long-term. The Board receives reports from the Manager, Corporate Broker and Company Secretary on recent and proposed changes in regulation and market practice, as well as any likely reputational threats which, in turn, influence the Board's decision-making process.
Investee companies	The Board believes that it is in the interests of all stakeholders to consider environmental, social and governance ESG factors. The Portfolio Managers take these issues into account when selecting and retaining investments with our investee companies and is continuous throughout the life of our investment. Further details on ESG engagement are set out on page 25. The Portfolio Managers have discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies, when the Company's rights permit voting. In respect of the year under review, the Portfolio Managers engaged with many of the Company's investee companies and voted at all the annual general meetings and extraordinary meetings held during the year by the Company's investee companies (further details can be found on page 25). The Board monitors investments made and divested and questions the Portfolio Managers' rationale for exposures taken and voting decisions made.

Investment approach

The Company's investment objective and policy are set out in the inside front cover. The Company is philosophically ownership-agnostic in the sense that its strategy is to invest in both public and private companies. The Company, having been advised by the Portfolio Managers, believes the best UK Companies, regardless of their ownership structure, can benefit from equity investment to facilitate and drive growth through the pandemic and beyond.

The chart below highlights the current two key areas of focus of the Company's investment approach, namely (i) high growth and (ii) mispriced growth.

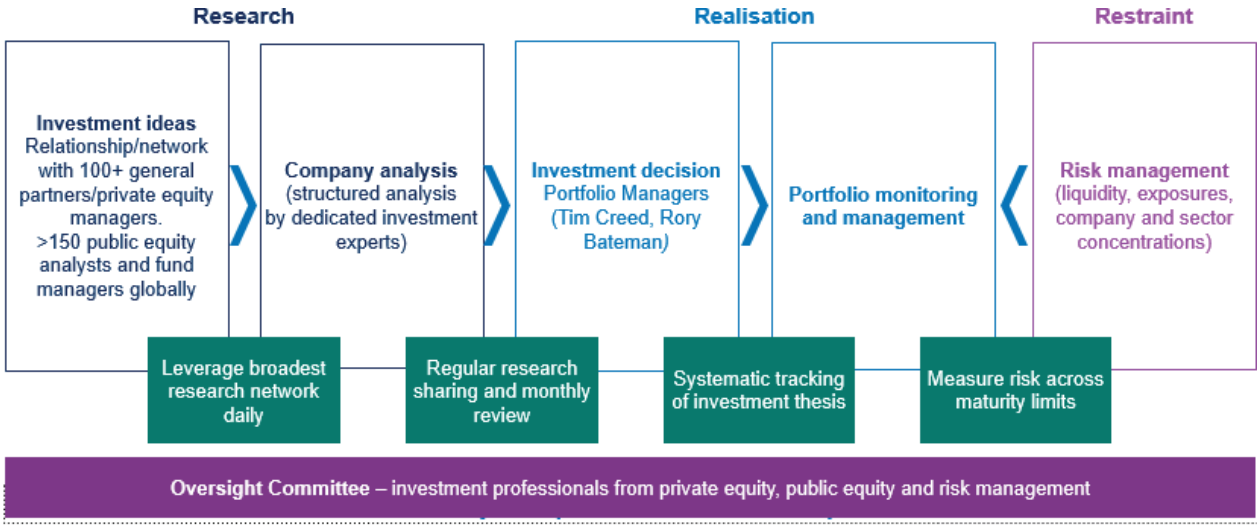


In this way, the Company will focus on investing in high quality, sustainable businesses. These companies may either require additional equity to maximise their growth potential or to return them to their previous growth trajectory. Based on the Portfolio Managers' analysis the Company believes that some of these high quality companies are trading at attractive valuations and believes, having been advised by the Portfolio Managers, that they would benefit from equity financing. Through the Portfolio Managers, the Company will engage with investee companies on these issues with the overall objective of delivering shareholder value both for those businesses and the Company.

Investment process

The Company's portfolio is managed by the Portfolio Managers, who employ a collaborative, team-based approach, creating a combination of Schroders' public and private equity capabilities with oversight in place. The Company believes that it is appropriate for the Portfolio Managers to separate the investment process between private and public equity investments to reflect the clear differences in executing individual investments in the private versus public equity markets. However, portfolio construction and first-line risk management is the joint responsibility of the private equity and public equity investment teams within the Portfolio Managers, alongside the AIFM, who has responsibility for the risk management of the Company, delegated from the Board.

Strategic Review



Private equity investment process

The private equity investment process will begin with high quality deal sourcing, a vital ingredient which is fundamental to long-term success. Identifying the most attractive private equity investments through proactive deal sourcing is essential to successful private equity investing. The investment team will therefore spend considerable time on this activity by working closely with Schroders' extensive 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 will be logged in Schroder Capital's IT system and recorded. An assessment of whether the investment opportunity meets the key criteria for inclusion in the Company will be undertaken early on to ensure a proposal is suitable and conforms to the investment policy and objectives. A project team will be formed and tasked with undertaking initial due diligence allowing an established and systematic assessment of the opportunity before presenting its findings in a standardised and structured form.

If it is deemed a suitable investment, within the scope of the Company, the wider team will then debate the pros and cons of the specific transaction and provide further challenge or support before a collective decision is made on whether an investment opportunity is compelling enough to enter the prequalification stage and be submitted to the Schroders Private Equity Investment Committee for consideration.

Investment opportunities that enter the pre-qualification stage are assessed and vetted through a rigorous due diligence process. This comprehensive process will include an assessment of a company's:

- Positioning in the market.
- Technology differentiation.
- Scale of market opportunity.
- Competitive landscape.
- Management breadth, depth and experience.
- Strength of the existing financing syndicate.
- Prospective financing needs.
- Underlying modelling assumptions.
- Exit route, options and plan.
- Proposed terms and valuation.

A selection of the Private Equity Investment Committee members will undertake a one-to-one focused review of each opportunity with the project team. This will enable members of the investment committee to be able to fully interrogate the quality of the underlying proposal. This process will allow more detailed questions to be raised, considered and debated such that the project team can identify outstanding concerns. Any focus areas raised can then be investigated and evidenced. On completion of this phase a further debate by the team will take place on the merits of the underlying company and the opportunity.

This comprehensive and inclusive process will determine whether the team elects to present an investment recommendation to the Private Equity Investment Committee or if instead the team decides to reject the opportunity.

Investment projects brought to the Private Equity Investment Committee for approval will need unanimous approval by the investment committee to proceed to the legal and formal investment closing process.

A high-level overview of the private equity investment process is outlined in the diagram on the previous page.

The private equity investments will have the following characteristics:

- Growth and buyout investments.
- Combination of direct and co-investments.
- Significant buy-and-build and rollout strategies within the private portfolio.
- Opportunities sourced through Schroders' and Schroder Capital's networks.

- Investing alongside general partners/co-investors ensuring alignment.

It is possible that the Company may enter into a warehouse transaction, whereby it may agree to acquire a larger stake in a private equity investment than it plans to acquire for the purpose of holding it as an investment in the Company's portfolio in the long term, and instead, sell off or syndicate a part of such acquired investment onto other third party investors during the initial few months of its ownership of that investment.

The entering into of any warehouse transaction would be subject to the investment restrictions and limits contained in the Company's investment policy. The Company, having been advised by Schroder Capital, envisages that a warehouse transaction would only be entered into by the Company in the circumstances where Schroder Capital considers this to be beneficial to the Company in order to be able to access a particular private equity investment which it would otherwise not have been able to access due to a minimum initial investment size required in order to gain access to it.

Public equity investment process

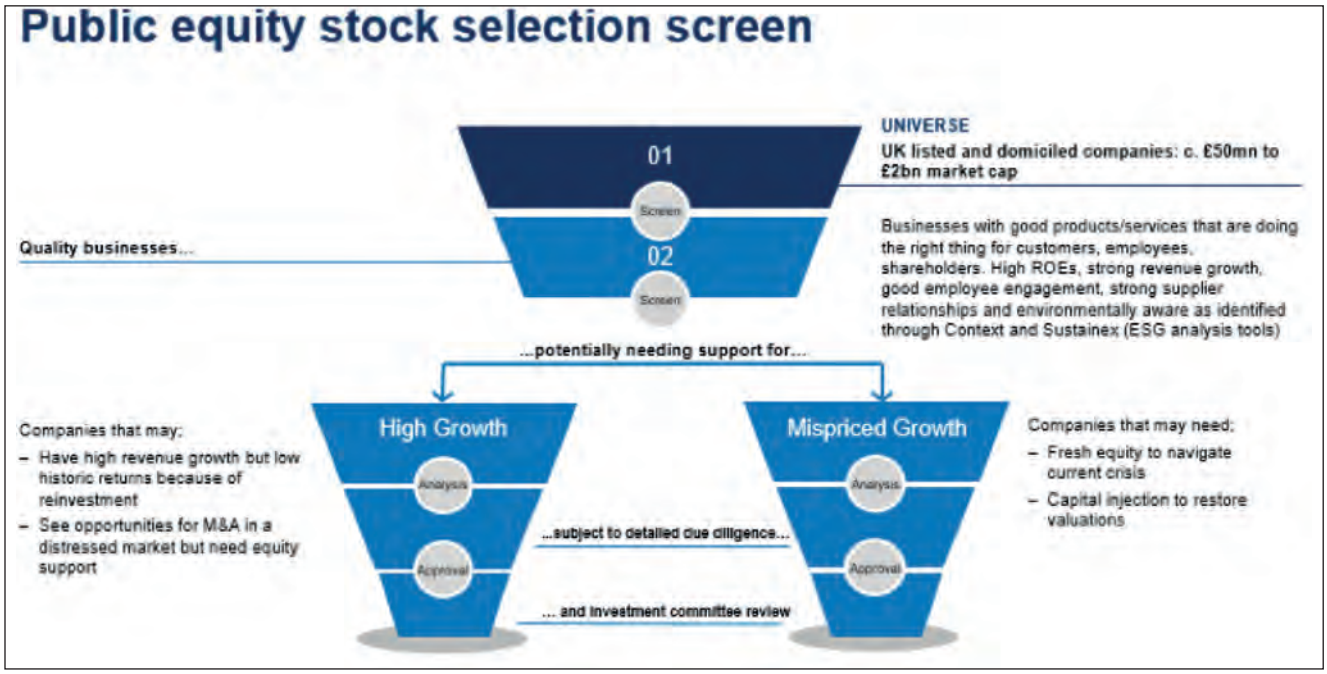
The Portfolio Managers will select public equity stocks for the Company based principally on ideas generated by Schroders' in-house research capability, but also by making selective use of Schroders' network of contacts, and of sell-side research.

The public equity portion will adopt an initial screen to narrow down the universe into high growth and mispriced opportunities. These companies will then be subject to detailed due diligence. The public equity stock selection process is outlined below:

Ideas that are successful after detailed due diligence will be brought to the Public Equity Investment Committee for review. The Public Equity Investment Committee has been specifically established for the purpose of considering public equity investments proposed to be made by the Company. Members are required to bring their investment ideas to the committee, which will be challenged for inclusion in the portfolio.

Public equity investments will include the following:

- Primary equity through placings, rights issues or initial public offerings.
- Secondary equity utilising Schroders existing relationships and power of the brand.
- Cornerstone equity investments through direct corporate engagement and primary investment.
- Partial underwriting of equity placings.
- Working with Schroders' credit team to identify potentially attractive convertible opportunities.



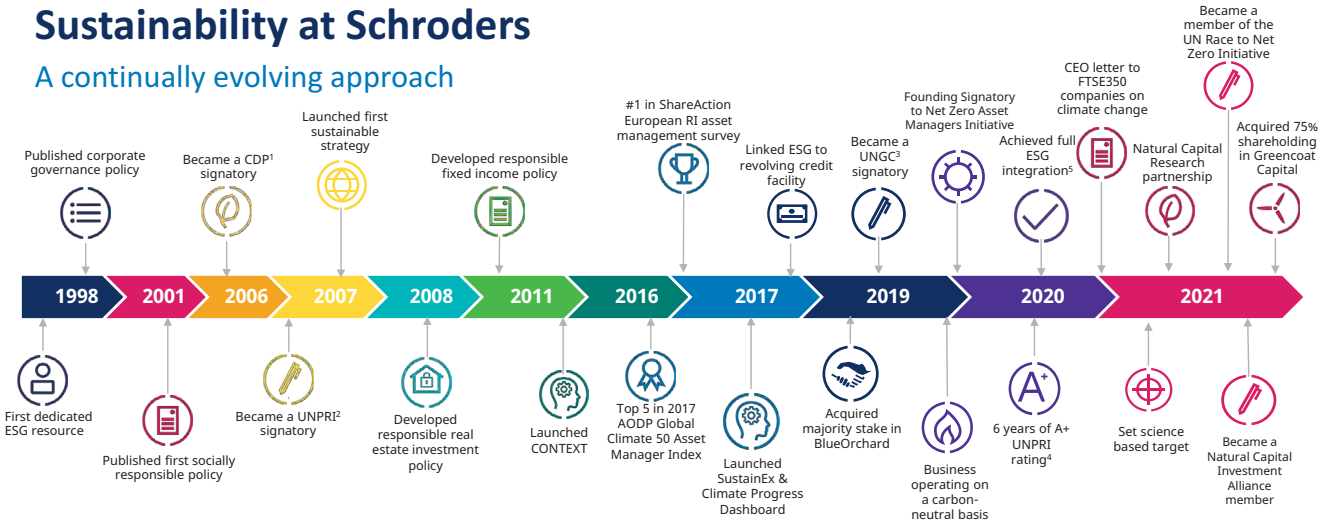
Sustainability Report

Sustainability at Schroders

Issues like climate change are quickly becoming defining drivers of the global economy, society and financial markets, and will become increasingly important in coming years. Investors no longer have a choice over whether to seek exposure to ESG risks or opportunities; all companies and portfolios will be impacted. Initiatives like the United Nations' Sustainable Development Goals ("SDGs"), and the focus this has attracted across the investment industry, reflect the widening intersection between social priorities and investment goals.

Schroders has long recognised both the importance of examining the impacts of social and environmental trends on the companies that it invests in, and the role investors can play in helping to address those challenges. In 2020, Schroders committed to integrating ESG analysis into all investment processes and provide the information its clients need to assess portfolio exposures.

The timeline below details how Schroders has evolved its approach to sustainability over time and its experience and expertise.



'Issues such as climate change, resource scarcity, population growth and corporate failure have put responsible investment at the forefront of investors' minds. We believe that companies with a strong environmental, social and governance ethos tend to deliver better results for our clients.'

Peter Harrison, Group Chief Executive, Schroders plc

Source: Schroders, December 2021.
[1]Carbon Disclosure Project. [2]UN Principles for Responsible Investing. [3]UN Global Compact. [4]Strategy and Governance module. [5]For certain businesses acquired during the course of 2020 we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or now possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

Schroders

The Company's approach to sustainability

We believe that companies do not operate in a vacuum; rather, their long-term success is directly tied to their ability to adapt to social and environmental trends shaping their industries. For instance, the ability 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.

We focus on companies that are considered to be sustainable in terms of both the longevity and durability of their businesses, as well as their environmental, social and governance behaviours. We achieve this through SDG alignment and adoption of best ESG practices.

How ESG is integrated in the Company's investment process

Pre investment process	Post investment process
We use a three step process when appraising a potential investment along ESG lines. This is described below:	Following investment, we carry out the below as shareholders of the business:
1. Ethical screening • From the outset we immediately screen out companies operating in 'sin' industries such as fossil fuels, tobacco, alcohol, weapons and gambling.	*1. Active stewardship* • We seek to influence corporate behaviour through direct engagement and/or proxy voting. We will engage and vote on any issue affecting the long-term sustainable value of our portfolio companies. See 'Engagement and Stewardship' below to see how we voted during the period.
2. Sustainable investing • We intend to seek companies whose business models are aligned with at least one of the UN SDGs or one of the sub-goals. However not every attractive investment will meet this criteria. For such companies in particular, if we believe the fundamental and structural drivers of the business are sound, we would then invest with the intention to contribute to the development of the firm's ESG credentials. For example we may believe there is scope to encourage management teams to improve reporting on areas such as diversity or greenhouse gas emissions.	*2. Monitoring* • We monitor the ESG performance of our investments throughout our time as shareholders, and assess if companies have responded to our requests for change. • If we feel we do not have enough information, or have identified gaps in companies' awareness or management of their ESG risks and opportunities, we establish dialogue with that firm. • We also undertake reactive engagement as a result of any negative incident involving one of our investments, in order to understand why it may have occurred, the actions the company is taking as a result, and what the current and future risks may be. • Finally, to ensure that we consider all potential ESG concerns, where available, we examine the external ESG ratings for our portfolio companies on an annual basis. Companies with a downward trend in ratings may indicate potentially higher ESG risk and therefore be flagged up for further engagement.
3. ESG integration • Following this, we assess companies' ESG risks and opportunities, identify gaps in their awareness or management of ESG factors, and examine their external ratings. In doing so, we are able to determine how we could add value were we to be shareholders. • The core of our ESG evaluation stems from a number of Schroders' proprietary quantitative research tools, such as CONTEXT, SustainEx and World-Check: – CONTEXT provides a systematic framework for analysing a company's relationship with its key stakeholders, thus assessing the sustainability of its business model; – SustainEx quantifies the positive and negative impacts on the environment and society; and – World-Check is a service that conducts contracting party risk assessment.	

Engagement & Stewardship

Extensive engagement with portfolio companies

As part of our process, we meet with company management teams in advance of investing. We maintain this engagement throughout the life of our investment. Our work here is aided by our extensive internal resource of dedicated sustainability analysts. We take pride in our level of engagement with companies. Our brand, as well as extensive analytical resource affords us the ability to regularly engage with companies on all aspects of corporate strategy, including ESG matters.

From an engagement standpoint, as Portfolio Managers, we have written to a number of our public equity portfolio companies, covering a variety of topics involving environmental, social and governance matters. Three engagement topics for each category were then focused on. For environmental matters, the focus areas were disclosure of environmental data, commitment to net-zero emissions and setting science-based emissions targets. For social, this has included diversity and inclusion, organizational policies and practices and employee engagement. For governance, focuses have been on board diversity, executive remuneration and ESG accountability.

We were pleased to see a number of our investments make progress with their ESG efforts during the fiscal period. These included:

- In December 2021, **SSP Group** announced their intention to pursue net-zero carbon emissions. More specifically, the company has targeted achieving net zero carbon emissions (scopes 1, 2 and 3) by 2040. In support of this, the company is setting science-based targets in line with a 1.5-degree scenario within the next year. Also, with effect from 1 January 2022, the Company appointed two female independent non-executive directors, increasing board gender and ethnic diversity. Further key sustainability targets for the company include: at least one third of Board members to be female, have at least one person of colour and have diversity in geographic representation by 2022; and by 2025, at least one third of their Executive Committee and direct reports to be female.
- Our portfolio companies have continued to make progress on board diversity: **Invinity Energy**, **EMIS Group**, **SSP Group**, **Dalata Hotel Group**, **Learning Technology Group** and **LendInvest** all appointed a female member to the board of directors and GB Group and SSP Group appointed an ethnic minority member.

We aim to continue engaging with our portfolio companies on all matters regarding ESG to ensure that the management teams are committed to responsible business practices. We use our power as shareholders to vote and register our approval or disapproval of management's actions. During the fiscal period, the Company:

- voted at 12 AGM meetings, 2 warrant holder meetings and 1 EGM meeting.
- voted with management on 166 out of 177 resolutions, or c.94% of all resolutions
- voted against management on 11 out of 177 resolutions, or c.6% of all resolutions. Topics that we ruled against included lack of gender diversity on the board as well as poor remuneration practices.

As we manage the portfolio, we aim to continue with the good progress made so far on ESG matters. Specifically, we intend to:

- actively encourage companies to become more environmentally responsible;
- determine how management teams are creating diverse, inclusive and equitable organisations;
- understand how our investee companies are impacting society positively; and
- hold the boards of companies in our portfolio to high corporate governance standards.

ESG at work in the portfolio

United Nations' Sustainable Development Goals ("SDG's")

As mentioned above, in line with the Company's investment policy, we target companies that support at least one of the UN SDGs. The below table serves to illustrate which SDGs are aligned to a sample of our investee companies:

Private Company	Select SDGs*		Public Company	Select SDGs*
Rapyd	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES		National Express Group	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Cera	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH		Volution Group	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Learning Curve Group	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH		SSP Group	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waterlogic	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION		discoverIE Group	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Easypark	11 SUSTAINABLE CITIES AND COMMUNITIES		The Gym Group	3 GOOD HEALTH AND WELL-BEING

*The list of relevant SDGs may not be exhaustive for each holding.

Strategic Review

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the audit and risk committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to regular, robust review. The last review took place in July 2022.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below.

Emerging risks and uncertainties

During the period, the Board also discussed and monitored a number of risks which could affect the valuations of investee companies. Two emerging market risks were considered, political risk and climate change risk. The Board receives updates from the Portfolio Managers, Company Secretary and other service providers on other potential risks that could affect the Company.

Political risk includes the impact of geopolitical risk, regional tensions, trade wars and sanctions against companies. During the period, the Board noted that the invasion of Ukraine impacted political tensions, supply chains, interest rates and in particular higher inflation in the UK and globally. The Board is also mindful that changes to public policy could impact the Company in the future.

Climate change risk includes how climate change could affect the Company's investments, and potentially shareholder returns. The Board notes the Manager has integrated ESG considerations, including climate change, into the investment process. The Board will continue to monitor this.

The Board considers that both political risks and climate risks referred to above are covered in the risk matrix under market risks.

Strategic Risks	Mitigation and management
The Company's investment objectives may become out of line with the requirements of investors, or the Company's investment strategy is not sufficiently differentiated from other products resulting in the Company being subscale and shares trading at a discount.	The appropriateness of the Company's investment remit is regularly reviewed and the success of the Company in meeting its stated objectives is monitored. The share price relative to NAV per share is monitored and the Board has approved a buyback programme post period end. The Board will be seeking shareholder approval at the AGM to renew these authorities
The Company has a fixed life. In the event that no alternative proposals are put forward to shareholders, or such proposals are not approved by shareholders, the Company will commence winding up in 2028. It could take several years until all of the Company's private equity investments are disposed of and any final distribution of proceeds made to shareholders.	The private equity portfolio managers have extensive experience and a track record in accurately timing the exits of private equity investments. The Board will regularly monitor the position to ensure that any alternative proposals to be made to shareholders are put forward at an appropriate time.

Market Risks	Mitigation and management
Underlying investee companies within the Company's portfolio may experience fluctuations in their operating results due to fluctuations in market or general economic conditions (including changes to interest rates, inflation, political and climate related regulations). These would in turn affect the performance of the Company.	The Portfolio Manager's adopt an active management approach and focuses on sustainable businesses capable of generating long- term returns for shareholders. During the period the Portfolio Manager's used futures contracts to ensure the Company was fully invested despite some cash being retained to invest in private equity companies. At the period end no futures were held. At each Board meeting the Board reviews a report from the Portfolio Managers on the performance of the Company's investments and market outlook.
Changes to the framework of regulation and legislation (including rules relating to listed closed-end investment companies or loss of the exemption for investment trusts from UK tax on chargeable gains) within which the Company operates could have a material adverse impact on the Company.	The Company Secretary, Corporate Broker, Portfolio Manager's and auditor appraise the Board of any prospective changes to the legal and regulatory framework so that requisite actions can be planned.

Operational Risks	Mitigation and management
The Company's shares may not trade in line with NAV, depending on factors such as supply and demand for the Company's shares, market conditions and general investor sentiment. The operation of the Company's policy to manage any discount could result in the Company's operating charges ratio becoming excessive.	The Board monitors the discount and premium receiving regular updates with a buyback policy in place. The Directors consider whether the purchase would be for the benefit of the Company as a whole and its shareholders, taking into account relevant factors and circumstances at the time. The marketing and distribution activity is regularly monitored by the Board.
The Company's investment portfolio is managed by the Portfolio Manager's and, in particular, is led by two key individuals. Loss of a portfolio manager could affect performance and market sentiment leading to further widening discount of the share price compared with the NAV.	The Board regularly considers key man risk and seeks assurances concerning the depth of expertise of the investment management teams which manage the Company's portfolio. The Board receives assurances regarding the Portfolio Manager's incentive arrangements and succession planning.
Private equity investments are generally less liquid and more difficult to value than publicly traded companies. A lack of open market data and reliance on investee company projections may also make it more difficult to estimate fair value on a timely basis.	Contracts are drafted to include obligations to provide information with investee companies in a timely manner, where possible. The Portfolio Managers have an extensive track record of valuing privately held investments. The audit and risk committee reviews all valuations of unlisted investments on a quarterly basis and challenges methodologies used by the Portfolio Manager.
Liquidity risks include those risks resulting from holding private equity investments as well as not being able to participate in follow-on fundraises through lack of available capital which could result in dilution of an investment.	Concentration limits are imposed on single investments to minimise the size of positions. The Portfolio Managers consider liquidity risk when selecting investments. The Portfolio Managers will seek to manage cashflow such that the Company will be able to participate in follow up fundraisings where appropriate.
The Company has no employees and the Directors have been appointed on a non-executive basis and the Company is reliant upon the performance of third-party service providers. Failure of any of the Company's service providers to perform in accordance with the terms of its appointment, to protect against breaches of the Company's legal and regulatory obligations such as data protection, or to perform its obligations at all as a result of insolvency, fraud, breaches of cyber security, failures in business continuity plans or other causes, could have a material detrimental impact on the operation of the Company. The AIFM, the Portfolio Managers, the Depositary, the Company Secretary and the Administrator perform services that are integral to the operation of the Company and any of the Company's service providers could terminate their contract.	Experienced third party service providers are employed by the Company under appropriate terms and conditions and with agreed service level specifications. Service level agreements include clauses which set out the notice periods for terminations. The Board receives regular reports from its service providers and the management engagement committee will review the performance of key service providers at least annually. The audit and risk committee reviews reports on the external audits of the internal controls operated by certain of the key service providers.

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 and risk 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 and risk committee's ongoing risk assessment which has been in place throughout the reporting period and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

An analysis of the financial risks facing the Company is set out in note 22 to the accounts on pages 66 to 67.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 July 2023, which is more than twelve months from the date when these financial statements were signed and the Directors have accordingly adopted the going concern basis in preparing the financial statements.

In reaching this assessment the Directors have considered the principal risks, the impact of the emerging risks and uncertainties and the matters referred to in the viability statement. They have additionally considered the liquidity of the Company's portfolio of listed investments, the Company's cash balances and the forecast income and expenditure flows as well as commitments to provide further funding to the Company's private equity investee companies; the Company currently has no borrowings. A substantial proportion of the Company's expenditure varies with the value of the investment portfolio. In the event that there is insufficient cash to meet the Company's liabilities, the listed investments in the portfolio may be realised and the Directors have reviewed the average days to liquidate the listed investments. The Company is a closed-end investment trust and there is no requirement to redeem or buy back shares. The Company has additionally performed stress tests which confirm that a 50% fall in the market prices of the portfolio would not affect the Board's conclusions in respect of going concern.

Viability statement

In accordance with the AIC Code the Board has considered the longer term prospects for the Company beyond the twelve months required to assess the Company's ability to continue as a going concern. The Board believes that a period of five years reflects a suitable time horizon for strategic planning, the investment cycle of private equity and the longer term view taken by the Portfolio Managers and investors; this period is in line with the Company's Key Information Document.

As an investment trust, the Company is entitled to beneficial treatment with regard to chargeable gains. Any change to such taxation arrangements could affect the Company's viability as an effective investment vehicle.

In their assessment of the prospects for the Company over the next five years, the Directors have assumed that the Company will continue to adopt the same investment objective, that the Company's performance will continue to be attractive to shareholders and that the Company will continue to meet the requirements so as to retain its status as an investment trust.

The Directors have considered each of the Company's principal and emerging risks and uncertainties detailed on pages 27 and 28 and, in particular, the impact of a significant fall in equity markets on the value of the Company's investment portfolio. The Directors have, furthermore, considered the Company's projections of income and expenditure as well as any commitments to provide funding to investee companies. They have noted that the Company's investment portfolio will continue to comprise a significant proportion of highly liquid listed equities which can be readily realised and that a substantial proportion of the Company's operating expenses vary with the value of the investment portfolio. As stated in Going Concern above, the Company is a closed-end investment trust and there is no requirement to redeem or buy back shares. A stress test to evaluate the consequences of a 50% reduction in the market value of the Company's investments over the five year period has also been evaluated.

In preparing these financial statements the Directors have considered the impact of political risk and climate change risk as emerging risks as set out on page 27. Following this assessment, the Directors have concluded that climate change risk and political risk did not materially impact the viability of the Company.

The conclusion of this review is that the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

By order of the Board

Schroder Investment Management Limited
Company Secretary

13 July 2022

Board of Directors

Neil England

Status: Independent non-executive Chairman

Length of service: appointed a Director and Chairman in November 2020.
Neil has held a number of leadership roles in manufacturing, sales, marketing and general management across sectors including food, FMCG (fast moving consumer goods), distribution and technology. Neil was Vice President of Mars Incorporated; Group Chief Executive at The Albert Fisher Group Plc and Group Commercial Director at Gallaher Group Plc. Additionally he started two technology businesses and has advised on others. Neil has been Chairman of a number of companies and in the past three years these have included ITE Group Plc, Blackrock Emerging Europe Plc and four private businesses. He is currently the chairman of Augmentum Fintech plc (a specialist venture capital investment company) and a private equity backed software business.

Neil has extensive international business expertise in public and private companies varying in size from start-ups to global corporations. He is an experienced Chairman. Neil remained free from conflict and had sufficient time available to discharge his duties effectively.

Committee membership: audit and risk, management engagement and nominations committees (Chair)
Current remuneration: £42,000 per annum (effective from 1 April 2022)
Number of shares held: 30,000*

Diana Dyer Bartlett

Status: Independent non-executive Director and Chair of audit and risk committee

Length of service: appointed a Director in November 2020
After qualifying as a chartered accountant with Deloitte Haskins & Sells, Diana spent five years in investment banking with Hill Samuel. Since then she has held a number of executive roles including as finance director of various venture capital and private equity backed businesses and listed companies involved in software, financial services, renewable energy and coal mining. She was also company secretary of Tullett Prebon plc and Collins Stewart Tullett plc. Diana is currently Chairman of Smithson Investment Trust plc and Audit Committee Chairman of Mid Wynd Investment Trust plc.

Diana has a strong financial background and her listed company experience makes her a valuable member of the Board. Diana remained free from conflict and had sufficient time available to discharge her duties effectively.

Committee membership: audit and risk (Chair), management engagement and nominations committees
Current remuneration: £36,750 per annum (effective from 1 April 2022)
Number of shares held: 20,000*

Board of Directors

Tim Jenkinson

Status: Independent non-executive Director

Length of service: appointed a Director in November 2020
Tim is Professor of Finance at the Saïd Business School, University of Oxford, Director of the Oxford Private Equity Institute and one of the founders of the Private Equity Research Consortium. Tim's research has won many awards, including the 2016 Harry Markowitz Prize (from the Journal of Investment Management for his work on private equity), the 2015 Commonfund Prize (for the paper with the most relevance to institutional investors) and a 2014 Brattle Group Prize (awarded by the American Finance Association for the best research on corporate finance). He is also a Professorial Fellow at Keble College, University of Oxford and a Research Associate of the European Corporate Governance Institute. Tim is a partner at the European economic consulting firm Oxera, through which he has consulted for a large number of companies, regulators, government agencies and industry associations. He has previously held board positions in several funds and companies, including PSource Structured Debt Limited, the US financial services firm DFC Global Corporation and the German utility comparison firm Verivox GmbH. In 2016 Tim was appointed as a Specialist Advisor to the Culture, Media and Sport Select Committee of the UK Parliament.

Tim is an experienced researcher, teacher and presenter, and teaches executive courses on private equity, entrepreneurial finance, and valuation. Tim remained free from conflict and had sufficient time available to discharge his duties effectively.

Committee membership: audit and risk, management engagement and nominations committees
Current remuneration: £31,500 per annum (effective from 1 April 2022)
Number of shares held: none.

Christopher Keljik, OBE

Status: Independent non-executive Director and Chair of the management engagement committee

Length of service: appointed a Director in November 2020
Christopher was with Standard Chartered plc for most of his executive career serving in Singapore, New York, Hong Kong and London. At retirement he was the Group Executive Director with responsibilities for Africa, the Middle East, South Asia, Europe and the Americas. Christopher was senior independent director of F&C Investment Trust plc, Millennium and Copthorne Hotels plc and Schroder Asian Total Return Investment Company plc (formerly Henderson Asian Growth Trust plc). Christopher has also held non-executive director positions on a number of other companies including Sanditon Investment Trust plc, Waverton Investment Management Limited and Jardine Lloyd Thompson Group plc. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Christopher's background in finance, and experience through a variety of executive and non-executive roles makes him a valuable member of the Board. Christopher remained free from conflict and had sufficient time available to discharge his duties effectively.

Committee membership: audit and risk, management engagement (Chair) and nominations committees
Current remuneration: £31,500 per annum (effective from 1 April 2022)
Number of shares held: 138,468*

*Shareholdings are as at 13 July 2022, full details of Directors' shareholdings are set out in the Remuneration Report on page 42.

Directors' Report

The Directors submit their report and the audited financial statements of the Company for the period from 1 July 2021 to 31 March 2022.

Directors and officers

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 30. He has no conflicting relationships.

Company Secretary

Schroder Investment Management Limited provides company secretarial support to the Board and is responsible for assisting the Chairman with Board meetings and advising the Board with respect to governance. The Company Secretary also manages the relationship with the Company's service providers, except for the Manager. 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 or by email to: amcompanysecretary@schroders.com.

Role and operation of the Board

The Board (of four Directors, listed on pages 30 and 31) is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Strategic Report on pages 16 to 29 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board meets at least quarterly and receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Four Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy; approval of borrowings and/or cash positions; review of investment performance; the level of premium or discount of the Company's shares to NAV per share and promotion of the Company; and services provided by third parties. Additional meetings of the Board are arranged as required.

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. No Directors have any connections with the Manager, shared directorships with other Directors or material interests in any contract which is significant to the Company's business.

Key service providers

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

Manager

The Company is an Alternative Investment Fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an Alternative Investment Fund Manager ("AIFM") agreement. The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on six months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this report no such notice had been given by either party.

SUTL is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the Corporate Broker as appropriate. The Manager has delegated investment management, accounting, administration and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited ("SIM"). The Company Secretary has an independent reporting line to the Manager and distribution functions within Schroders. The Manager has in place appropriate professional indemnity cover.

Private investments are managed by Schroders' specialist private equity team, Schroders Capital. Schroders Capital has over 20 years' experience successfully investing in companies, both directly via direct co-investment and through funds. They manage over £12.9 billion of assets under management across several specialist strategies. The private portion of the Company's portfolio is managed by Tim Creed, Schroders Capital'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.

The Schroders Group manages £752.7 billion (as at 31 March 2022) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Management and performance fees

The AIFM is entitled to receive from the Company a management fee calculated and paid quarterly in arrears, on the last Business Day of March, June, September and December, at an annual rate of 0.6 per cent. per annum of the quarterly cum income Net Asset Value. The AIFM will also be entitled to receive a performance fee, the sum of which will be equal to 15 per cent. of the amount by which the "PE Portfolio Total Return" at the end of a "**Calculation Period**" exceeds a hurdle of 10% per annum.

"**PE Portfolio**" shall mean the Company's private equity investments and any public equity investments which, at the time of investment, constituted private equity investments.

"**PE Portfolio Total Return**" shall mean realised and unrealised gains and losses on the PE portfolio during the Calculation Period, plus any dividends paid during the Calculation Period, minus any management fee or dealing costs payable in respect of the PE Portfolio during the Calculation Period, expressed as a percentage of the time weighted invested capital of the PE Portfolio.

If a performance fee shall be payable in accordance with the above, it shall only be paid in full if the "**Payment Amount**" is greater than the performance fee.

"**Payment Amount**" means the sum of: (i) aggregate net realised profits on PE Portfolio Investments since the start of the relevant Calculation Period; (ii) plus an amount equal to each IPO Unrealised Gain where the IPO of the relevant PE Portfolio Investment takes place during the relevant Calculation Period; (iii) if Listed Value Change is positive in respect of the Calculation Period, then plus an amount equal to the Listed Value Change or, if Listed Value Change is negative in respect of that Calculation Period, minus an amount equal to the Listed Value Change; and (iv) plus the aggregate amount of all dividends or other income received from PE Portfolio Investments of the Company in that Calculation Period. If the NAV has decreased any accrued performance fee is carried forward and becomes payable in the next period in which the NAV increases.

"**Calculation Period**" means each financial period ending on the Company's accounting reference date, except that (i) the first Calculation Period shall be the period commencing on Initial Admission and ending on 30 June 2021; and (ii) the final Calculation Period shall be the period commencing on the day after the Company's then accounting reference date and ending on the Winding-Up Date.

The accrued performance fee shall only be payable by the Company in respect of a Calculation Period if the Company's net asset value per share has increased over that Calculation Period.

The Company may make private equity investments through underlying investment vehicles in respect of which the AIFM or other members of the Schroders group may receive fees. In such circumstances, the AIFM will not charge any fees to the Company in respect of such investment. In addition, the AIFM will take all reasonable steps to ensure that any fee charged by an underlying investment vehicle does not exceed a fee that is approximately 15 per cent. on gains over a hurdle that is, as far as reasonably practicable, commensurate with the Performance Hurdle. The AIFM shall also be entitled to a company secretarial and administrative fee from the Company, equal to the lower of: (i) 0.2 per cent. per annum of the quarterly cum income Net Asset Value; and (ii) £250,000 per annum, paid quarterly in arrears on the last Business Day of March, June, September and December.

Details of all amounts payable to the Manager are set out in note 19 to the accounts on page 64.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, carries out certain duties of a depositary specified in the AIFM Directive including, in relation to the Company:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager.

The Company, the Manager and the Depositary may terminate the depositary agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Compliance with the Association of Investment Companies ("AIC") Code of Corporate Governance

The Board of the Company has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the Financial Reporting Councils UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, provides more relevant information to shareholders. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adopts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. The FCA requires all UK listed companies to disclose how they have complied with the provisions of the UK Code. This statement, together with the Statement of Directors' Responsibilities, viability statement and going concern statement set out on page 29, respectively, indicates how the Company has complied with the principles of good governance of the AIC Code and its requirements on internal control. The Strategic Report and Directors' Report provide further details on the Company's internal controls (including risk management), governance and diversity policy.

The Board is satisfied that the Company's current governance framework is compliant with the AIC Code except in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive directors, the appointment of a Senior Independent Director

is not considered necessary. However, the chairman of the audit and risk committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Also, the nomination committee is responsible for reviewing Directors' remuneration and as such there is no separate remuneration committee.

Revenue, final dividend and dividend policy

The net revenue loss for the period, after finance costs and taxation, was £577,000, equivalent to a revenue loss per ordinary share of 0.77 pence.

The Company's intention is to look for overall return rather than seeking any particular level of dividend income. Subject to the requirement to make distributions to maintain investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions (if any) will depend on the Company's ability to generate realised profits and to acquire investments which pay dividends, its financial condition, its current and anticipated cash needs, its costs and net proceeds on sale of its investments, legal and regulatory restrictions and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation that dividends or distributions will be paid at all.

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 period under review, are outlined in the next few pages.

The reports of the audit and risk committee, management engagement committee and nomination committee are incorporated into and form part of the Directors' Report.

Company Status

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. The Company is not a "close" company for taxation purposes.

The Articles require the Directors to put forward, at a general meeting of the Company to be held in the year 2028 but in any event no later than 31 May 2028, a Winding-Up Resolution to place the Company into voluntary liquidation. The Articles provide that voting on the Winding-Up Resolution will be enhanced such that, provided any single vote is cast in favour, the Winding-Up Resolution will be passed, unless alternative proposals have been approved by shareholders.

Share capital and substantial share interests

As at 31 March 2022, the Company had 75,000,000 ordinary shares of 1p in issue. No shares were held in treasury. Accordingly, the total number of voting rights in the Company at 31 March 2022 was 75,000,000. Details of changes to the Company's share capital during the reporting period under review are given in note 14 to the accounts on page 63.

The Board will be seeking approval from shareholders to buy back shares, reissue shares held in treasury and issue new shares, as more particularly described in the AGM notice and Annual General Meeting – Recommendations section.

All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

The Company has received notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	As at 31 March 2022	% of total voting rights
Schroders plc	21,151,996	28.203%
East Riding Of Yorkshire Council	15,000,000	20%

Following the period end and at the date of this report, there have been no changes.

Provision of information to the auditor

The Directors at the date of approval of this report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the reporting period and the attendance of individual Directors is shown below. No management engagement or nomination committee meetings were held during the period, but both committees met after the period end.

Director	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Neil England	3/3	3/3	2/2	1/1
Diana Dyer Bartlett	3/3	3/3	2/2	1/1
Tim Jenkinson	3/3	3/3	2/2	1/1
Christopher Keljik	3/3	3/3	2/2	1/1

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the Directors throughout the period. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the court. This indemnity is a qualifying third party indemnity policy and was in place throughout the period under review for each Director and to the date of this report.

By order of the Board

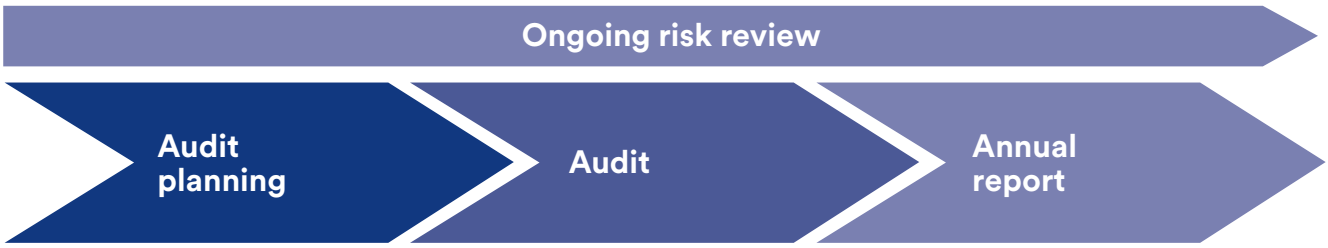
Schroder Investment Management Limited
Company Secretary

13 July 2022

Audit and Risk Committee Report

The responsibilities and work carried out by the audit and risk committee during the reporting period under review are set out in the following report. The duties and responsibilities of the committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail below, and may be found in the terms of reference which are set out on the Company's webpages, www.schroders.com/sbo.

All Directors are members of the committee. Diana Dyer Bartlett is the chair of the committee. 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 Chairman of the Board is a member of the committee, and was independent on appointment.



Approach

The committee's key roles and responsibilities are set out below.

Risk Management and Internal Controls	Financial Reports and Valuation	Audit
Principal risks To establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company. The committee is responsible for reviewing the adequacy and effectiveness of the Company's internal controls and the whistleblowing procedures operated by the AIFM and other services providers.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor.
Emerging risks and uncertainties To ensure a robust assessment of the Company's emerging and principal risks and procedures is in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	**Going concern and viability** To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements. The committee is also responsible for reviewing the disclosures made by the Company in the viability statement.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, re-appointment, effectiveness, and any non-audit services by the auditor and removal of the external auditor. To review their independence, and to approve their remuneration and terms of engagement. To review the audit plan and engagement letter.

Audit and Risk Committee Report

The committee identified no significant issues during the committee's review of the Company's principal risks and uncertainties. The below table sets out how the committee discharged its duties during the period and up until the approval of this report. The committee met three times during the reporting period. Further details on attendance can be found on page 35. An evaluation of the committee's effectiveness and review of its terms of reference was done in June 2021 and the next will be completed as part of the Board and committee evaluation process in the next reporting period.

Application for the reporting period		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Service provider controls Consideration of the operational controls maintained by the Manager, Depositary and Registrar.	**Valuation and existence of holdings** Considered reports from the Manager and Depository, including a quarterly report and one at the period end. The committee has reviewed the valuation methodologies used for both listed and each of the unlisted investments.	**Meetings with the auditor** The auditor attended meetings to present their audit plan and the findings of the audit. The committee met the auditor without representatives of the Manager present.
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, Depositary and Registrar, including assurance reports and presentations on these controls.	**Recognition of investment income** Reviewed consideration of dividends received against forecast and the allocation of special dividends of which there are none to income or capital. The committee took steps to gain an understanding of the processes to record investment income so that dividends paid by any investee companies held at any time during the period, had been recorded and, where appropriate, collected.	**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee was satisfied with the auditor's replies.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Calculation of the investment management fee and performance fee** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditor independence** Ernst & Young LLP has provided audit services to the Company since it was appointed on 19 May 2021. This is the second period that Ernst & Young LLP will be undertaking the Company's audit. The auditors are required to rotate the senior statutory auditor every five years. This is the second period that the senior statutory auditor, Caroline Mercer, has conducted the audit of the Company's financial statements. The auditors were appointed due to their experience. There are no contractual obligations restricting the choice of external auditors.
	Overall accuracy of the report and accounts Consideration of the draft report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.

Audit and Risk Committee Report

Application for the reporting period		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Principal risks Reviewed the principal and emerging risks together with key risk mitigations. The committee additionally adopted a risk appetite statement.	**Fair, balanced and understandable** Reviewed the report and accounts to advise the Board whether it was fair, balanced and understandable. Reviewed whether performance measures were reflective of the business, whether there was adequate commentary on the Company's strengths and weaknesses and that the report and accounts, taken and a whole were consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the auditor** The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. The committee was satisfied that this did not affect the independence or objectivity of the auditor.
	Going concern and viability Reviewing the impact of risks on going concern and longer-term viability. The committee reviewed the disclosures in the report and accounts on going concern and viability.	**Consent to continue as auditor** Ernst & Young LLP indicated to the committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

The committee recommended that the Board approve the quarterly valuations, the half year report and period end report and accounts.

The committee recommended that the going concern presumption be adopted in the report and accounts and the explanations set out in the viability statement.

As a result of the work performed, the committee has concluded that the report for the period ended 31 March 2022, 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 44.

Having reviewed the performance of the auditors as described above, the committee considered it appropriate to recommend the firm's re-appointment. Resolutions to re-appoint Ernst & Young LLP as auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Diana Dyer Bartlett
Audit and risk committee chair
13 July 2022

Management Engagement Committee Report

- The management engagement committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All Directors are members of the committee. Christopher Keljik is the chair of the committee. Its terms of reference are available on the Company's webpages, www.schroders.com/sbo. The committee held two scheduled meetings during the reporting period.

Approach

Oversight of the Manager

The committee:

- reviews the Manager's performance, over the short and long term, against a peer group and the market.
- considers the reporting it has received from the Manager throughout the reporting period, and the reporting from the Manager to the shareholders.
- assesses management fees including the performance fee 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 Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Depositary and custodian
- Corporate broker
- Registrar

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

The committee notes the audit and risk committee's review of the auditor.

Application for the reporting period

The committee undertook a detailed review of the 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 also reviewed the terms of the AIFM agreement, including the fee structure.

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

Although this was a short reporting period, a detailed review of the Depositary & Custodian took place.

The committee noted that the audit and risk committee had undertaken an evaluation of the Manager, Registrar, and Depositary and Custodian's internal controls.

Recommendations made to, and approved by, the Board:

- That the ongoing appointment of the Manager on the terms of the AIFM agreement, including the fee, was in the best interests of shareholders as a whole.
- That the Company's service providers' performance remained satisfactory.

Nomination Committee Report

The nomination committee is responsible for (1) the recruitment, selection and induction of Directors, (2) their assessment during their tenure, and (3) the Board's succession. All Directors are members of the committee. Neil England is the chair of the committee. Its terms of reference are available on the Company's webpages, www.schroders.com/sbo. The committee held one scheduled meeting during the reporting period.

Oversight of Directors

Approach

Selection and induction

- Committee prepares a job specification for each role, and an independent recruitment firm is appointed. 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.

Board evaluation and Directors' fees

- Committee assesses each Director annually, and considers if an external evaluation is appropriate.
- Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the reporting period, 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.

Succession

- The Board's succession policy is that Directors' tenure 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 41.

Nomination Committee Report

Application for the reporting period		
Selection and induction policy	**Board evaluation and Directors' fees**	**Succession**
• No new appointments were made during the period.	• A Board and committee evaluation process was undertaken in June 2021 and reported to the committee in September. • The committee also 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. • The committee also 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 30 and 31. • Based on its assessment, the committee provided individual recommendations for each Director's re-election. • The committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees, remain unchanged as detailed in the remuneration report.	• The committee believes it is important for the Board to have the appropriate skills and diversity and will continue to review composition and succession plans with these in mind.

Recommendations made to, and approved by, the Board:

- That all Directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, remuneration of the Directors remains appropriate and Directors remain free from conflicts with the Company and its Directors contribute to the long-term sustainable success of the Company, so should all be recommended for re-election by shareholders at the AGM.
- That Directors' fees be increased by an additional 5% per annum.
- That the Remuneration Report be put to shareholders for approval.

Directors' Remuneration Report

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place at the 2024 AGM and the current policy provisions will apply until that date. The below Directors' report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 30 November 2021, 99.99% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Policy were in favour, while 0.01% were against and 10,000 were withheld.

Also at the AGM held on 30 November 2021, 99.99% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Report were in favour, while 0.01% were against and 10,000 were withheld for the reporting period ended 30 June 2021.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board and the nomination committee.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's articles of association. This aggregate level of Directors' fees is currently set at £500,000 per financial year and any increase in this level requires approval by the Board and the Company's shareholders.

The Chairman of the Board and the chair of the audit and risk committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. Directors' fees are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary, and to promote the success of the Company in reaching its short and long-term strategic objectives.

Any Director who performs services which in the opinion of the directors are outside the scope of the ordinary duties of a Director, may be paid additional remuneration to be determined by the directors, subject to the previously mentioned fee cap.

The Board and its committees comprise non-executive Directors. No Director past or present has an entitlement to a pension from the Company and the Company has not, and does not intend, to operate a share scheme for Directors or to award any share options or long-term performance incentives to any Director. No Director has a service contract with the Company; however Directors have a letter of appointment. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

Implementation of policy

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the policy received from shareholders would be considered on a case by case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this remuneration policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of Directors of peer group companies, inflation, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this remuneration policy.

Directors' report on remuneration

This report sets out how the remuneration policy was implemented during the period ended 31 March 2022.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the nomination committee and the Board in July 2022. The members of the Board at the time that remuneration levels were considered were as set out on pages 30 and 31. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment companies managed by Schroders and peer group companies provided by the Manager and Corporate Broker was taken into consideration as was independent third party research.

Following the review of Directors' fees by the nomination committee it was proposed that a fee increase of 5% per annum, effective from 1 April 2022 be recommended. The Board approved this recommendation.

Directors' Remuneration Report

Fees paid to directors

The following amounts were paid by the Company to directors for their services in respect of the nine months ended 31 March 2022. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the period is presented on page 2, under the heading "Financial highlights".

	Fees[1]		Taxable benefits[2]		Total		Change in annual fee over period ended 31 March
Directors	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 %
Neil England (Chairman)	30,110	23,287	618	–	30,728	23,287	0.0
Diana Dyer Bartlett	26,345	19,966	193	–	26,538	19,966	0.0
Tim Jenkinson	22,582	17,466	43	70	22,625	17,536	0.0
Christopher Keljik	22,582	17,877	–	–	22,582	17,877	0.0
	101,619	78,596	854	70	102,473	78,666	

[1]The Directors, were appointed on 4 November 2020. Directors fees were payable from 1 December 2020. The fees payable shown above are in respect of the nine month period ended 31 March 2022. The comparative figures are in respect of the period from 1 December 2020 to 30 June 2021.

[2]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.

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 period under review and the prior period. In considering these figures, shareholders should take into account the Company's investment objective.

	Period ended 31 March 2022 £'000	Period ended 30 June 2021 £'000	% Change
Remuneration payable to directors	102	79	29.1
Distributions paid to shareholders	–	–	–

Performance graph

A graph showing the Company's share price total return versus the FTSE 250 ex Investment Trusts Index[1] total return is set out below. This has been selected as an appropriate comparison based on the composition of the Company's investment portfolio.

Share price total return versus FTSE 250 ex Investment Trusts Index[1] total return for the period from launch date on 1 December 2020, to 31 March 2022

[1]Source: Morningstar. Rebased to 100 at 1 December 2020. The FTSE 250 ex Investment Trusts Index best represents the companies that the Manager uses to select investment opportunities. Companies within this index represent the growth characteristics that the Manager seeks to meet the long-term investment objective of delivering returns to shareholders.

Definitions of terms and performance measures are provided on page 77.

Directors' share interests

The Company's articles of association do not require Directors to own shares in the Company. The interests of Directors, including those of connected persons, at the beginning and end of the financial period under review, are set out below.

	At 31 March 2022[1]	At 30 June 2021[1]
Neil England	30,000	10,000
Diana Dyer Bartlett	20,000	20,000
Tim Jenkinson	–	–
Christopher Keljik	124,070	98,109

[1]Ordinary shares of 1p each.

Since the reporting period end, Christopher Keljik has purchased an additional 14,398 shares through his pre-authorised share purchase plan.

The information in the above table has been audited.

On behalf of the Board

Neil England
Chairman

13 July 2022

Governance

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of 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 and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the webpage dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 30 and 31, confirm that to the best of their knowledge:

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

On behalf of the Board

Neil England
Chairman

13 July 2022

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

Opinion

We have audited the financial statements of Schroder British Opportunities Trust plc (the "Company") for the period ended 31 March 2022 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2022 and of its loss for the period 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process and discussed with the Directors and the Company Secretary those factors they considered important in their assessment. We considered whether the factors taken account of in the Directors' assessment addressed those matters which we considered important.
- Inspecting the Directors' assessment of going concern, including the revenue forecast, for the period to 31 July 2023 which is at least twelve months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Reviewing the factors and assumptions, including the impact of the COVID-19 pandemic and other significant events that could give rise to market volatility, as applied to the revenue forecast and the liquidity assessment in relation to the quoted investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Considered the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- Considered the commitments that have been made with respect to the purchase of unquoted investments and made sure that these have been appropriately taken account of when preparing the forecast.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were consistent with the financial statements and our understanding of the Company and in conformity with the reporting standards.

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

assessed by the Directors, being the period to 31 July 2023, which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have 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.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	–	Risk of incorrect valuation or ownership of the investment portfolio
	–	Risk of incorrect calculation of the performance fee
Materiality	–	Overall materiality of £0.78m which represents 1% of Shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

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

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments and potentially shareholder returns. This is explained on page 27 in the emerging risks and uncertainties section, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially consistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 2c and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS 102. In line with FRS 102, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets. Investments which are unquoted are priced using market-based valuation approaches. All investments therefore reflect the market participants' view of climate change risk on the investments held by the Company. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

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

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

Risk	Our response to the risk	Key observations communicated to the audit and risk committee
Incorrect valuation or ownership of the investment portfolio *(as described on page 36 in the audit and risk committee Report and as per the accounting policy set out on page 56)* The value of the investment portfolio at 31 March 2022 was £64.69m (30 June 2021: £64.51m) consisting of quoted investments with an aggregate value of £37.28m (30 June 2021: £43.78m) and unquoted investments with an aggregate value of £27.41m (30 June 2021: £20.73m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid prices and there is a risk that the prices have been incorrectly extracted from the source data. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by Schroder Capital (the "Portfolio Manager" for unquoted investments). The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unquoted investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements and has been classified as an area of fraud risk as highlighted below on page 51.	We have performed the following procedures: We obtained an understanding of the Portfolio Manager's and the Administrator's processes and controls surrounding legal title and valuation of quoted and unquoted investments by performing walkthrough procedures. For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the period end. We reviewed daily prices for a sample of investments for a week before and after year end to confirm that prices were not stale, ensuring the fair value of the investments was based on a traded price. We confirmed with the Administrator that no stale prices had been identified for any investments in the portfolio. We compared the Company's quoted investment holdings at 31 March 2022 to independent confirmations received directly from the Company's Custodian. We engaged our team of valuation specialists to review the valuations of all unquoted investments and this included completing the following procedures: – Reviewing the valuation papers prepared by the Portfolio Manager for the period ended 31 March 2022 to gain an understanding of the valuation methodologies and assumptions used; – Assessing whether the valuations have been performed in line with general valuation approaches as set out in UK GAAP and the International Private Equity and Venture capital ('IPEV') guidelines; – Assessing and validating the appropriateness of data inputs and challenging the assumptions used to support the valuations; – Assessing and undertaking our own analysis other facts and circumstances, such as market movement and comparative company information, that have an impact on the fair market value of the investments; and	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Financial

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

Risk	Our response to the risk	Key observations communicated to the audit and risk committee
	– Assessing whether Management's valuations are reasonable and within an independently calculated acceptable valuation range taking into consideration the growth of the investee companies during the period along with the overall movement in the market based on a portfolio of comparable companies for each investee company. We recalculated the unrealised gains/losses on the unquoted investments as at the period-end using the book-cost reconciliation. We reviewed the fair value hierarchy disclosures for the level 3 investments. We obtained confirmations directly from the underlying portfolio companies with respect to the unquoted investments held by the Company.	
Incorrect calculation of the performance fee *(as described on page 36 in the audit and risk committee Report and as per the accounting policy set out on page 56)* The Manager is entitled to a performance fee, the sum of which will be equal to 15% of the amount by which the Private Equity Portfolio Total Return at the end of the calculation period exceeds the performance hurdle. This is only paid on subsequent realisation of the unquoted investments, The amount of performance fee accrued as at 31 March 2022 was £1.12m, which represents the fee payable for the periods ended 30 June 2021 and 31 March 2022.The performance fee is only paid on the subsequent realisation of the unquoted investments. As the inputs to the performance fee are dependent on the valuations of the unquoted investments, there is a risk that the valuation of unquoted investments is overstated to indicate a higher performance fee due to the Portfolio Manager.	We have performed the following procedures: We obtained an understanding of the Portfolio Manager's and the Administrator's processes surrounding the calculation of performance fees by performing walkthrough procedures. We tested the mathematical accuracy of the calculation, verified that the calculation was in accordance with the Investment Management Agreement and verified the inputs used to appropriate support including the audited valuations data. Our procedures in connection with the risk of overstatement of the unquoted investments are set out above.	The results of our procedures identified no material misstatements in relation to the risk of incorrect calculation of the performance fee.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £0.78 million (2021: £0.81 million), which is 1% (2021: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 50%) of our planning materiality, namely £0.59m (2021: £0.41m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected. A lower threshold was set for performance materiality in the prior period due it being our first audit of the Company.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement which is usually calculated as 5% of net revenue before tax. In the case of the Company, as there is a net loss before tax, we have set our revenue testing threshold in line with the reporting threshold which is calculated as 5% of planning materiality and is £0.04m (2021: £0.04m).

Reporting threshold

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

We agreed with the audit committee that we would report to them all uncorrected audit differences in excess of £0.04m (2021: £0.04m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

We have reviewed 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 Code specified for our review by the Listing Rules.

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:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 29;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 29;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 29;
- Directors' statement on fair, balanced and understandable set out on page 44;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 27;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 36; and;
- The section describing the work of the audit committee set out on page 36.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 44, 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.

Independent Auditor's Report to the Members of Schroder British Opportunities Trust plc

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice , the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' (the 'AIC') Code of Corporate Governance, the AIC's Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the audit and risk committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incorrect valuation of the unquoted investments and the resulting impact on unrealised gains/(losses) and incorrect calculation of the performance fee. Further discussion of our approach is set out in the section on key audit matters above which include our response to the fraud risks and other areas of audit focus.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with United Kingdom Generally Accepted Accounting Practice.

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

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the Company on 19 May 2021 to audit the financial statements for the period ending 30 June 2021 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 2 periods, covering the periods ending 30 June 2021 and 31 March 2022.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

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

13 July 2022

Income Statement
For the nine months ended 31 March 2022

	Note	For the nine months ended 31 March 2022 Revenue £'000	Capital £'000	Total £'000	For the period ended 30 June 2021[1] Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	3	–	(1,453)	(1,453)	–	6,853	6,853
(Losses)/gains on derivative contracts		–	(481)	(481)	–	1,839	1,839
Gains on foreign exchange		–	–	–	–	71	71
Income from investments	4	296	–	296	250	–	250
Gross return/(loss)		296	(1,934)	(1,638)	250	8,763	9,013
Portfolio management fee	5	(372)	–	(372)	(278)	–	(278)
Performance fee	5	–	(714)	(714)	–	(402)	(402)
Administrative expenses	6	(500)	–	(500)	(404)	–	(404)
Transaction costs	11	–	1	1	–	(116)	(116)
Net (loss)/return before finance costs and taxation		(576)	(2,647)	(3,223)	(432)	8,245	7,813
Finance costs	7	(1)	–	(1)	(1)	–	(1)
Net (loss)/return before taxation		(577)	(2,647)	(3,224)	(433)	8,245	7,812
Taxation	8	–	–	–	–	–	–
Net (loss)/return after taxation		(577)	(2,647)	(3,224)	(433)	8,245	7,812
(Loss)/return per share	10	(0.77)p	(3.53)p	(4.30)p	(0.58)p	10.99p	10.41p

[1]The comparative figures cover the period from the date of incorporation on 21 September 2020, to 30 June 2021. The Company began investing on 1 December 2020 (launch date).

The "Total" column of this statement is the profit and loss account 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 return after taxation is also the total comprehensive income for the period.

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

Statement of Changes in Equity

For the nine months ended 31 March 2022

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 June 2021	750	–	72,765	8,245	(433)	81,327
Net loss after taxation	–	–	–	(2,647)	(577)	(3,224)
At 31 March 2022	**750**	**–**	**72,765**	**5,598**	**(1,010)**	**78,103**

For the period ended 30 June 2021[1]

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Issue of Management Shares	50	–	–	–	–	50
Redemption of Management Shares	(50)	–	–	–	–	(50)
Issue of Ordinary Shares	750	74,250	–	–	–	75,000
Share issue costs	–	(1,521)	36	–	–	(1,485)
Cancellation of share premium	–	(72,729)	72,729	–	–	–
Net return/(loss) after taxation	–	–	–	8,245	(433)	7,812
At 30 June 2021	750	–	72,765	8,245	(433)	81,327

[1]The comparative figures cover the period from the date of incorporation on 21 September 2020, to 30 June 2021. The Company began investing on 1 December 2020 (launch date).

Statement of Financial Position at 31 March 2022

	Note	31 March 2022 £'000	30 June 2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**64,691**	64,509
Current assets	12		
Debtors		**115**	39
Cash at bank and in hand		**15,452**	17,960
		15,567	17,999
Current liabilities	13		
Creditors: amounts falling due within one year		**(2,155)**	(969)
Derivative financial instruments held at fair value through profit or loss		**–**	(212)
		(2,155)	(1,181)
Net current assets		**13,412**	16,818
Total assets less current liabilities		**78,103**	81,327
Net assets		**78,103**	81,327
Capital and reserves			
Called-up share capital	14	**750**	750
Capital reserves	15	**78,363**	81,010
Revenue reserve	15	**(1,010)**	(433)
Total equity shareholders' funds		**78,103**	81,327
Net asset value per share	16	**104.14p**	108.44p

The accounts were approved and authorised for issue by the Board of directors on 13 July 2022 and signed on its behalf by:

Neil England
Chairman

The notes on pages 56 to 70 form an integral part of these accounts.

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

Company registration number: 12892325

Cash Flow Statement

	Note	For the nine months ended 31 March 2022 £'000	For the period ended 30 June 2021[1] £'000
Net cash outflow from operating activities	17	**(180)**	(21)
Investing activities			
Purchases of investments		**(7,285)**	(61,109)
Sales of investments		**5,650**	3,453
Cash (outflow)/inflow from derivative instruments		**(693)**	2,051
Net cash outflow from investing activities		**(2,328)**	(55,605)
Net cash outflow before financing		**(2,508)**	(55,626)
Financing activities			
Issue of Management Shares		**–**	13
Redemption of Management Shares		**–**	(13)
Issue of Ordinary Shares		**–**	75,000
Share issue costs		**–**	(1,485)
Net cash inflow from financing activities		**–**	73,515
Net cash (outflow)/inflow in the period		**(2,508)**	17,889
Cash at bank and in hand at the beginning of the period		**17,960**	–
Net cash (outflow)/inflow in the period		**(2,508)**	17,889
Exchange movements		**–**	71
Cash at bank and in hand at the end of the period		**15,452**	17,960

Included under operating activities are dividends received during the period amounting to £230,000 (period ended 30 June 2021: £227,000).

The notes on pages 56 to 70 form an integral part of these accounts.

[1]The comparative figures cover the period from the date of incorporation on 21 September 2020, to 30 June 2021. The Company began investing on 1 December 2020 (launch date).

Notes to the Accounts

1. Accounting period

The accounts cover the nine months ended 31 March 2022. The comparative figures cover the period from the date of incorporation on 21 September 2020, to 30 June 2021. The Company began investing on 1 December 2020 (launch date).

2. Accounting policies

(a) Basis of accounting

Schroder British Opportunities 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, United Kingdom.

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". The accounts are prepared in accordance with Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in April 2021, except for certain financial information required by paragraph 30 regarding the disclosure of percentage holdings where the Company holds 3% or more of any class of capital, and by paragraph 82(c) regarding unquoted holdings with a value greater than 5% of the portfolio included in the top 10. This information has not been disclosed either because it is not publicly available, or because investees would prefer it to remain confidential. 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 until 31 July 2023, which is 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.

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 period ended 30 June 2021.

(b) Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key estimates in the financial statements are the determination of the fair values of the unlisted investments by the Investment Manager for consideration by the Directors. These estimates are key as they significantly impact the valuation of the unlisted investments at the year end. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The key judgements, estimates and assumptions are described in note 21 on page 65.

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimates. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective imputs.

(c) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are recognised by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, using the methodology below. This valuation process is consistent with International Private Equity and Venture Capital guidelines issued in December 2018, which are intended to set out current best practice on the valuation of Private Capital investments.

(i) Investments traded in active markets are valued using quoted bid prices.

(ii) Investments which are not traded in an active market, including unquoted investments, are valued using the price of a recent investment as an indicator of value and then assessed to consider whether there has been any material change in value.

(iii) Where (ii) is no longer considered appropriate, investments are valued at the price used in a material arm's length transaction by an independent third party, and where there is no impact on the rights of existing shareholders.

(iv) In the absence of (iii), one of the following methods may be used:

- Revenue or EBITDA, based on listed investments in the relevant sector but adjusted for lack of marketability.
- Recent transaction prices adjusted for the company's performance against key milestones.
- Option price modelling.

(v) Investments in funds are valued using the NAV per unit with an appropriate discount or premium applied to arrive at a unit price.

Purchases and sales of quoted investments are accounted for on a trade date basis. Purchases and sales of unquoted investments are recognised when the related contract becomes unconditional.

In line with FRS102 the Company's listed investments are valued at fair value, which are quoted bid prices for investments in active markets at the statement of financial position date and therefore reflect market participants view of climate change risk on the investments held. The Company's unlisted investments at 31 March 2022 were valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital (IPEV) guidelines. Valuations are cross-checked for reasonableness using alternative methods such as: prices of recent transactions, earnings multiples, probability weighted expected returns or option pricing models as appropriate, and are therefore deemed to reflect market participants view of climate change risk on the investments held.

(d) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the period end are included in the Income Statement and in capital reserves within "Holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances are included in the Income Statement and in capital reserves.

(e) 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 withholding tax.

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

(f) 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 are given in note 11(c) on page 62.

(g) Cash and cash equivalents

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.

(h) Financial instruments

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.

Bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost. They are recorded at the proceeds received net of direct issue costs.

Any derivative financial instruments held at the period end, are included in current assets or current liabilities in the Statement of Financial Position at fair value, using market prices.

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.

(i) Taxation

The tax charge for the period 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.

(j) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(k) Foreign currency

In accordance with FRS 102, the Company is required to determine 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. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the period end are translated at the rates of exchange prevailing at 1600 hours on the accounting date.

3. (Losses)/gains on investments held at fair value through profit or loss

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
(Losses)/gains on sales of investments based on historic cost in the period	(274)	183
Amounts recognised in investment holding gains and losses in the previous period in respect of investments sold in the period	(310)	–
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(584)	183
Net movement in investment holding gains and losses	(869)	6,670
(Losses)/gains on investments held at fair value through profit and loss	(1,453)	6,853

4. Income from investments

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Income from investments:		
UK dividends	233	216
Overseas dividends	63	34
	296	250

Notes to the Accounts

5. Investment management fee and performance fee

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Revenue:		
Investment management fee	372	278
Capital:		
Performance fee	714	402

The bases for calculating the investment management and performance fees are set out in the Report of the Directors on page 33 and details of all amounts payable to the Manager are given in note 19 on page 64.

6. Administrative expenses

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Other administrative expenses	155	112
Company secretarial and administrative fee payable to Schroders	135	105
Directors' fees[1]	102	79
Auditor's remuneration for the audit of the Company's annual accounts[2]	108	108
	500	404

[1]Full details are given in the remuneration report on pages 42 to 43.
[2]Includes VAT amounting to £18,000 (2021: £18,000).

7. Finance costs

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Interest paid on futures and overdrafts	1	1

8. Taxation

(a) Analysis of tax charge for the period

	Nine months ended 31 March 2022			Period ended 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Taxation	–	–	–	–	–	–

The Company has no corporation tax liability for the period ended 31 March 2022 (period ended 30 June 2021: nil).

Financial

(b) Factors affecting tax charge for the period

	Nine months ended 31 March 2022			Period ended 30 June 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (loss)/return before taxation	(577)	(2,647)	(3,224)	(433)	8,245	7,812
Net (loss)/return before taxation multiplied by the Company's applicable rate of corporation tax for the period of 19.0%	(110)	(503)	(613)	(82)	1,567	1,485
Effects of:						
Capital losses/(gains) on investments	–	368	368	–	(1,665)	(1,665)
Income not chargeable to corporation tax	(46)	–	(46)	(41)	–	(41)
Expenses not deductible for corporation tax purposes	–	(1)	(1)	–	22	22
Unrelieved management expenses	156	136	292	123	76	199
Taxation for the period	–	–	–	–	–	–

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £646,000 (2021: £199,000) based on a prospective corporation tax rate of 25.0% (2021: 19%). In its 2021 budget, the government announced that the main rate of corporation tax would increase to 25% for the fiscal year beginning on 1 April 2023. This deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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.

9. Dividends

The Company has reported a revenue loss after taxation of £577,000 (2021: £433,000) for the period and accordingly there is no requirement to pay a dividend under Section 1158 of the Corporation Tax Act 2010.

10. Return per share

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Revenue loss	(577)	(433)
Capital (loss)/return	(2,647)	8,245
Total (loss)/return	(3,224)	7,812
Weighted average number of shares in issue during the year	75,000,000	75,000,000
Revenue loss per share	(0.77)p	(0.58)p
Capital (loss)/return per share	(3.53)p	10.99p
Total (loss)/return per share	(4.30)p	10.41p

Notes to the Accounts

11. Investments held at fair value through profit or loss

(a) Movement in investments

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Opening book cost	57,839	–
Opening investment holding gains	6,670	–
Opening fair value	64,509	–
Purchases at cost	7,285	61,109
Sales proceeds	(5,650)	(3,453)
(Losses)/gains on investments held at fair value through profit or loss	(1,453)	6,853
Closing fair value	64,691	64,509
Closing book cost	59,200	57,839
Closing investment holding gains	5,491	6,670
Closing fair value	64,691	64,509

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

Material revaluations of unquoted investments:

Nine months ended 31 March 2022

Investment	Opening valuation at 30 June 2021 £'000	Purchases £'000	Revaluation £'000	Closing valuation at 31 March 2022 £'000
Rapyd Financial Network	6,667	–	1,898	8,565
Waterlogic	3,928	180	1,937	6,045
Cera EHP S.à r.l.	3,245	36	1,228	4,509
Graphcore	2,896	–	282	3,178
EasyPark	1,962	4	809	2,775
Learning Curve	2,032	6	298	2,336
	20,730	226	6,452	27,408

There were no disposals of unquoted investments during the period.

Period ended 30 June 2021

Investment	Purchases £'000	Revaluation £'000	Closing valuation 30 June 2021 £'000
Rapyd Financial Network	3,297	3,370	6,667
Cera EHP S.à r.l.	2,954	291	3,245
EasyPark	1,966	(4)	1,962
Waterlogic	3,961	(33)	3,928
Graphcore	2,975	(79)	2,896
Learning Curve	2,173	(141)	2,032
	17,326	3,404	20,730

There were no significant disposals of unquoted investments during the period.

(c) Transaction costs

The following transaction costs were incurred in the period:

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
On acquisitions		
Stamp duty and brokerage commission	15	151
Legal fees	(1)	116
On disposals		
Brokerage commission	3	2
	17	269

12. Current assets

Debtors

	31 March 2022 £'000	30 June 2021 £'000
Dividends and interest receivable	88	23
Other debtors	27	16
	115	39

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 £15,452,000 (2021: £17,960,000), represents its fair value.

13. Current liabilities

Creditors: amounts falling due within one year

	31 March 2022 £'000	30 June 2021 £'000
Other creditors and accruals	2,155	969

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

Derivative financial instrument held at fair value through profit or loss

	31 March 2022 £'000	30 June 2021 £'000
ICF FTSE 250 Index Futures	–	212

Notes to the Accounts

14. Called-up share capital

The issued share capital at the accounting date was as follows:

	31 March 2022 £'000	30 June 2021 £'000
Ordinary Shares allotted, called up and fully paid: 75,000,000 shares of 1p each:	**750**	750

15. Reserves

Nine months ended 31 March 2022

	Capital reserves			
	Special distributable capital reserve[1] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	72,765	1,787	6,458	(433)
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	(584)	–	–
Net movement in investment holding gains and losses	–	–	(869)	–
Transfer on disposal of investments	–	310	(310)	–
Realised losses on derivatives	–	(481)	–	–
Performance fee allocated to capital	–	(714)	–	–
Transaction costs	–	1	–	–
Retained revenue for the period	–	–	–	(577)
Closing balance	**72,765**	**319**	**5,279**	**(1,010)**

Period ended 30 June 2021

		Capital reserves			
	Share premium[1] £'000	Special distributable capital reserve[2] £'000	Gains and losses on sales of investments[3] £'000	Investment holding gains and losses[4] £'000	Revenue reserve[5] £'000
Proceeds of share issue	74,250	–	–	–	–
Share issue expenses	(1,521)	36	–	–	–
Cancellation of share premium	(72,729)	72,729	–	–	–
Gains on sales of investments	–	–	183	–	–
Net movement in investment holding gains and losses	–	–	–	6,670	–
Realised gains on derivatives	–	–	2,051	–	–
Unrealised losses on open derivative contracts	–	–	–	(212)	–
Exchange gains	–	–	71	–	–
Performance fee allocated to capital	–	–	(402)	–	–
Transaction costs	–	–	(116)	–	–
Retained revenue for the year	–	–	–	–	(433)
Closing balance	**–**	**72,765**	**1,787**	**6,458**	**(433)**

The Company's Articles of Association permit dividend distributions out of realised capital profits.

[1]This is a distributable capital reserve arising from the cancellation of the share premium, and may be distributed as dividends or used to repurchase the Company's own shares.

[2]This is a realised (distributable) capital reserve and may be distributed as dividends or used to repurchase the Company's own shares.

[3]This reserve may include some holding gains/(losses) 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.

[4]A credit balance on the revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

16. Net asset value per share

	31 March 2022 £'000	30 June 2021 £'000
Net assets attributable to shareholders (£'000)	78,103	81,327
Shares in issue at the period end	75,000,000	75,000,000
Net asset value per share	104.14p	108.44p

17. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Total (loss)/return before taxation	(3,224)	7,812
Less capital loss/(return) before taxation	2,647	(8,245)
Increase in prepayments and accrued income	(65)	(23)
Increase in other debtors	(11)	(16)
Increase in other creditors	1,186	969
Performance fee and transaction costs allocated to capital	(713)	(518)
Net cash outflow from operating activities	(180)	(21)

18. Uncalled capital commitments

At 31 March 2022, the Company had uncalled capital commitments amounting to £7,869,000 (30 June 2021: £2,259,000), which may be called by investee companies and is not subject to time frames or the achievement of milestones or objectives.

19. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager Agreement, the Manager is entitled to receive a management fee, a company secretarial and administrative fee, and a performance fee. Details of the bases of these calculations are given in the Directors' Report on page 33.

The management fee payable in respect of the period ended 31 March 2022 amounted to £372,000 (period ended 30 June 2021: £278,000), and the whole of this amount of £650,000 (30 June 2021: £278,000) was outstanding at the period end. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee. There have been no such investments during the period or comparative period.

A performance fee accrual amounting to £714,000 (period ended 30 June 2021: £402,000) has been included in these accounts. No performance fee has been paid to date and the cumulative amount of £1,116,000 is carried forward until such time as it may be paid under the terms of the AIFM Agreement.

The company secretarial and administrative fee payable for the period amounted to £135,000 (period ended 30 June 2021: £105,000) and the whole of this amount of £240,000 (30 June 2021: £105,000) was outstanding at the period end.

No director of the Company served as a director of any company within the Schroder Group at any time during the period or comparative period.

Notes to the Accounts

20. Related party transactions

Details of the remuneration payable to directors are given in the Directors' Remuneration Report on page 42 and details of directors' shareholdings are given in the Directors' Remuneration Report on page 42. Details of transactions with the Manager are given in note 19 above. There have been no other transactions with related parties during the period (period ended 30 June 2021: nil).

21. 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 any 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 2(b) on page 56 and 2(f) on page 57. Level 3 investments have been valued in accordance with note 2(b) (ii) - (v).

The Company's unlisted investments at 31 March 2022 were valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital guidelines (IPEV). For investments held directly or via an intermediary vehicle, the Company has established its own estimate utilising widely accepted valuation methods.

The determination of fair value by the Managers involves key assumptions dependent upon the valuation technique used. The Company uses the following techniques, which are all consistent with the IPEV Guidelines. The primary technique is the Multiples approach. This involves subjective inputs and therefore presents a greater risk of over or under estimation, particularly in the absence of a recent transaction. The key assumption in the Multiples approach is that the selection of comparable companies provides a reasonable basis for identifying the relationship between enterprise value and revenue to apply in the determination of fair value. Typically between 5 and 10 comparable companies will be selected for each investment depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on how many relevant comparable companies are identified and the industries they operate in and can vary in the range of 1.5 times to 20 times (based on various enterprise valuation metrics).

The price of a recent investment may also be used as an appropriate calibration for estimating fair value. Other judgements and assumptions may include: discounts applied due to reduced liquidity; probabilities assigned to potential exit via sale or IPO; and judgements relating to the achievement of performance targets and milestones.

Valuations are cross-checked for reasonableness to alternative multiples-based, income approaches, option pricing models or benchmark index movements as appropriate.

At 31 March 2022, the Company's investment portfolio were categorised as follows:

	2022			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments in equities – quoted	**37,283**	**–**	**–**	**37,283**
– unquoted	**–**	**–**	**27,408**	**27,408**
Total	**37,283**	**–**	**27,408**	**64,691**

At 30 June 2021, the Company's investment portfolio and derivative financial instruments were categorised as follows:

	2021			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments in equities – quoted	43,779	–	–	43,779
– unquoted	–	–	20,730	20,730
Derivative financial instruments – index futures	(212)	–	–	(212)
Total	43,567	–	20,730	64,297

Financial

There have been no transfers between Levels 1, 2 or 3 during the period (period ended 30 June 2021: nil).

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

	Nine months ended 31 March 2022 £'000	Period ended 30 June 2021 £'000
Opening fair value of Level 3 Investments	20,730	–
Purchases at cost	226	17,339
Sales proceeds	–	(14)
Net gains on investments	6,452	3,405
Closing fair value of Level 3 investments	27,408	20,730
Closing book cost	17,551	17,325
Closing investment holding gains	9,857	3,405
Closing fair value of Level 3 investments	27,408	20,730

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

The Company's objectives are set out on the inside front cover of this report. In pursuing these objectives, 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 interest rate risk and other 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 Company has no significant exposure to foreign exchange risk on monetary items.

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;
- bank loans or overdrafts for investment purposes and for efficient portfolio management; and
- derivatives used for investment purposes, efficient portfolio management or currency hedging.

(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 two elements: interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market risk is given in parts (i) and (ii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks. The 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) Interest rate risk

Interest rate movements may affect the level of income receivable on cash balances and the interest payable on any loans or overdrafts 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 Company may borrow from time to time, but gearing will not exceed 10 per cent of net asset value at the time of drawing. Gearing is defined as borrowings less cash, expressed as a percentage of net assets. However, the Company has not used any loans or overdrafts during the period.

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:

	31 March 2022 £'000	30 June 2021 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	15,452	17,960

The floating rate assets consist of cash deposits on call. Sterling cash deposits at call earn interest at floating rates based on Sterling Overnight Index Average rates ("SONIA"), (period ended 30 June 2021: LIBOR).

The above period end amount is broadly representative of the exposure to interest rates during the period.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the period and net assets to a 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.

	31 March 2022		30 June 2021	
	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	39	(39)	45	(45)
Capital return	–	–	–	–
Total return after taxation	39	(39)	45	(45)
Net assets	39	(39)	45	(45)

(ii) Other price risk

Other price risk includes changes in market prices 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 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 Manager to enter derivative transactions for efficient portfolio management.

Market price risk exposure

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

	31 March 2022 £'000	30 June 2021 £'000
Investments held at fair value through profit or loss	64,691	64,509
Derivative financial instruments held at fair value through profit or loss – index futures	–	(212)
	64,691	64,297

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

Concentration of exposure to market price risk

A sector and geographical analysis of the Company's investments is given on page 15. This shows a concentration of exposure to economic condition in the United Kingdom. In addition, the Company's holds 6 (30 June 2021: 6) investments amounting to approximately £27.4 million (30 June 2021: £20.7 million), or 35.1% (30 June 2021: 25.5%) of NAV, whose valuation is potentially volatile, due to the valuation techniques which have sensitive inputs.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the period and net assets to an increase or decrease of 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. The sensitivity analysis is based on the Company's exposure through equity investments and includes the impact on the management fee. The current period includes an adjustment for the performance fee on the capital return and this method will be applied henceforth. The comparative has not been restated. It is assumed that all other variables are held constant.

	31 March 2022		30 June 2021	
	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	(78)	78	(77)	77
Capital return	12,532	(12,938)	12,859	(12,859)
Total return after taxation and net assets	12,454	(12,860)	12,782	(12,782)
Percentage change in net asset value	15.9%	(16.5%)	15.7%	(15.7%)

(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

At the period end, the Company's assets included quoted "public equity investments" amounting to £37,283,000 (30 June 2021: £43,779,000), which can be sold to meet ongoing funding requirements. Additionally, the Company had less liquid, "private equity investments" amounting to £27,408,000 (30 June 2021: £20,730,000). It is the Board's intention that the portfolio will contain a diverse range of public and private asset investments.

Liquidity risk exposure

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

	31 March 2022		30 June 2021	
	Three months or less £'000	Total £'000	Three months or less £'000	Total £'000
Creditors: amounts falling due within one year				
Other creditors and accruals	2,155	2,155	969	969
	2,155	2,155	969	969

(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.

Cash

Counterparties are subject to daily credit analysis by the Manager. Cash balances will only be deposited with reputable banks with high quality credit ratings.

Exposure to the Custodian

The custodian of the Company's assets is HSBC Bank plc 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.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the period end. No debtors are past their due date and none have been provided for.

(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.

23. Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern, and to maximise the income and capital return to its equity shareholders.

The Company's capital structure comprises the following:

	31 March 2022 £'000	30 June 2021 £'000
Equity		
Called-up share capital	**750**	750
Reserves	**77,353**	80,577
Total equity	**78,103**	81,327

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review will include:

- the possible use of gearing, which will take into account the Manager's views on the market;
- the potential benefit of repurchasing the Company's own shares for cancellation or holding in treasury, which will take into account the share price discount;
- the opportunity for issue of new shares; and
- the amount of dividend to be paid, in excess of that which is required to be distributed.

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

In May 2022, the Company announced an investment into Mintec (a leading provider of food-related commodity pricing) and CFC (a leading technology-driven global insurance business). In June 2022, the Company announced an investment into Pirum, a leading provider of post-trade automation and collateral management technology for the global securities industry. Pirum is the Company's ninth private asset investment since launch.

On Wednesday, 18th May, the Company purchased 100,000 of its ordinary shares, nominal value £1,000, to hold in treasury for a total consideration of £84,000 representing 0.13% of the shares outstanding at the beginning of the period. The reason for this purchase was to seek to manage the volatility of the share price discount to net asset value per share.

25. Disclosures regarding material unquoted holdings (comprising more than 5% of the portfolio and/or included in the top ten)

Holding	Description of its business	Class of shares held	Cost of the investment £'000	31 March 2022 Fair value £'000	30 June 2021 Fair value £'000	Total income received in the period £'000
Rapyd Financial Network	Global Fintech company	Ordinary	3,297	8,565	6,667	–
Waterlogic	Global provider of purified drinking water dispensers	Ordinary	4,141	6,045	3,928	–
Cera EHP S à r l	Provides home care services for elderly people	Ordinary	2,992	4,509	3,245	–
Graphcore	Machine intelligence semiconductor business	Preference	2,975	3,178	2,896	–
EasyPark	Digital parking, electrical vehicle charging and mobility services	Ordinary	1,966	2,775	1,962	–
Learning Curve	UK training and education specialist	Ordinary	2,180	2,336	2,032	–

The Company has not included certain disclosures required by paragraph 82(c) of the SORP. In particular, turnover, pre-tax profit, attributable net assets, and the proportion of share classes held. This information has not been disclosed, either because it is not publicly available or investees would prefer it to remain confidential.

Annual General Meeting – Recommendations

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy 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 Annual General Meeting ("AGM") of the Company will be held on Monday 5 September 2022 at 12.00 p.m. The formal Notice of Meeting is set out on page 74.

Shareholders are encouraged to vote by proxy, appointing the chair of the meeting as their proxy.

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 concerns the Directors' Report on Remuneration, on pages 42 to 43. Resolution 3 concerns the authorisation of the Directors to determine that no final dividend for the period ended 31 March 2022 will be paid. Resolutions 4 to 7 invite shareholders to re-elect each of the Directors for another financial reporting period, following the recommendations of the nomination committee, set out on pages 40 and 41 (their biographies are set out on pages 30 and 31). Resolutions 8 and 9 concern the re-appointment and remuneration of the Company's auditor, discussed in the audit and risk committee report on pages 36 to 38.

Resolution 10: change of investment policy and restrictions

Resolution 10 set out in the Notice of AGM is an ordinary resolution. The Directors are seeking approval of a change to the Company's investment policy and restrictions to allow the Company more flexibility to invest in private equity investments. Further detail is discussed in the Chairman's statement. The revised investment policy and restrictions, with the proposed changes marked up, are set out below.

Investment policy

The Company will invest in a diversified portfolio of both public equity investments and private equity investments consisting predominantly of UK Companies with strong long-term growth prospects.

"Public equity investments" mean any investments in any of the following categories (a), (b) and (c) below (although it is envisaged that the Company will predominantly focus on those of an equity and/or quasi-equity nature as set out under categories (a) and (b) below):

(a) ordinary shares or similar securities issued by an issuer which are traded on any of the following:

(i) any "regulated market" as defined in MiFID II and as listed in the register of regulated markets within the EEA maintained by the European Securities and Markets Authority from time to time; or

(ii) any "recognised investment exchange" as recognised by the FCA under Part XVIII of FSMA; or

(iii) any "recognised overseas investment exchange" as recognised by the FCA under Part XVIII of FSMA;

(b) securities or other instruments giving the right to acquire or sell any of the securities referred to in (a) above, including without limitation warrants, options, futures, convertible bonds and convertible loan notes; and

(c) preference shares issued by an issuer referred to in (a) above.

"Private equity investments" mean any investments in any of the following categories (w), (x), (y) and (z) below (although it is envisaged that the Company will predominantly focus on those of an equity and/or quasi-equity nature as set out under categories (w) and (x) below):

(w) shares in companies and other securities/units/interests equivalent to shares in companies, partnerships (including limited partnership interests) or other entities, provided that they are not already captured under the definition of "public equity investments" above;

(x) securities, derivatives or other instruments giving the right to acquire or sell any of the shares/securities/units/interests referred to in (w) above, including without limitation warrants, options, futures, contingent value rights, convertible bonds, convertible loan notes, convertible loan stocks or convertible preferred equity;

(y) preference shares issued by an issuer referred to in (w) above; and

(z) debt-based investments not otherwise covered above, including loan stock, payment-in-kind instruments and shareholder loans.

It is anticipated that the Company's portfolio will typically consist of 30 to 50 holdings and will target companies with an equity value between approximately £50 million and £2 billion at the time of initial investment.

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs.

~~The Company will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. It is anticipated that in the period immediately following Initial Admission, the Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.~~

Annual General Meeting – Recommendations

Investment restrictions

The company is subject to the following investment restrictions:

- *no more than 10 per cent. of Net Asset Value may be invested in any investee company;*
- *~~once fully invested,~~ the Company's portfolio shall comprise no fewer than 30 holdings;*
- *~~private equity investments will be limited to 60 per cent. of Gross Asset Value;~~*
- *no more than 20 per cent. of Net Asset Value may be invested in investee companies which are not UK Companies;*
- *the Company may not take a controlling stake in any investee company, whether directly or indirectly, and:*
  - *in respect of public equity investments, the Company may own no more than 10 per cent. of the total voting rights of any investee company; and*
  - *in respect of private equity investments, the Company may own no more than 20 per cent. of the enterprise value of any investee company; and*
- *the Company will not invest more than 10 per cent. In aggregate of Gross Assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.*
- *Additionally, in any event, the Company will itself not invest more than 15 per cent. of its Gross Assets in other investment companies or investment trusts which are listed on the Official List.*

Unless otherwise stated, each of the above restrictions will be calculated at the time of commitment. Where the Company makes investments through one or more special purpose vehicles, owned in whole or in part by the Company or one of its affiliates (being an affiliate of, or person affiliated with, the Company, including a person that directly, or indirectly through one or more intermediate holding companies, controls or is controlled by, or is under common control with, the Company), the investment restrictions will be applied on a look-through basis.

Where the calculation of an investment restriction requires an analysis of underlying investments held by a fund in which the Company is invested, such calculation will be based on the information reasonably available to the Portfolio Managers at the relevant time.

The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. However, the Portfolio Managers will regularly monitor the Company's portfolio and make adjustments from time to time in light of the above restrictions.

Special business

Resolution 11: Directors' authority to allot shares (ordinary resolution) and resolution 12: power to disapply pre-emption rights (special resolution)

The Directors are seeking authority to allot a limited number of treasury shares and unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £74,900 (being 10% of the issued share capital (excluding any shares held in treasury) as at 13 July 2022).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £74,900 (being 10% of the issued share capital as at 13 July 2022) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non preemptive 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.

If approved, both of these authorities will expire at the conclusion of the AGM in 2023 unless renewed, varied or revoked earlier.

Resolution 13: authority to make market purchases of the Company's own shares (special resolution)

On 30 November 2021, a special resolution was passed to give the Company authority to make market purchases of up to 14.99% of the ordinary shares. 100,000 shares were bought back under this authority on 18 May 2022.

The Directors will continue to monitor the level of the discount and consider the merits of further buy backs, which should be accretive in nature when discounts are wide. However, any decision to buy back shares will be influenced by such factors as: market conditions; the small size of the Company; the illiquid nature of the private equity holdings; the need to retain cash for investment opportunities; and the level of the Company's borrowing, if any. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at 13 July 2022 (excluding treasury shares). The Directors will continue to monitor the level. The Directors consider that any purchase would be for the benefit of the Company and its shareholders. Any shares so purchased would be cancelled or held in treasury for potential reissue.

If renewed, this authority will lapse at the conclusion of the AGM in 2023 unless renewed, varied or revoked earlier.

Annual General Meeting – Recommendations

Resolution 14: notice period for general meetings (special resolution)

Resolution 14 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 2023. 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.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder British Opportunities Trust plc will be held on Monday 5 September 2022 at 12.00 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 11 will be proposed as ordinary resolutions, and resolutions 12 to 14 will be proposed as special resolutions:

1. To receive the Directors' Report and the audited accounts for the reporting period ended 31 March 2022.
2. To approve the Directors' Report on Remuneration for the reporting period ended 31 March 2022.
3. To authorise the Directors to determine that no final dividend for the period ended 31 March 2022 will be paid.
4. To approve the re-election of Neil England as a Director of the Company.
5. To approve the re-election of Diana Dyer Bartlett as a Director of the Company.
6. To approve the re-election of Tim Jenkinson as a Director of the Company.
7. To approve the re-election of Christopher Keljik as a Director of the Company.
8. To re-appoint Ernst & Young LLP as auditor to the Company.
9. To authorise the Directors to determine the remuneration of Ernst & Young LLP as auditor to the Company.
10. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT the amended investment policy and restrictions, as set out on pages 71 to 73 of the Company's Report and Accounts for the period ended 31 March 2022 and produced to the meeting, be and are hereby approved in substitution for the Company's existing investment policy and restrictions".
11. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in addition to all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £74,900 (being 10% of the issued ordinary share capital, excluding treasury shares, at 13 July 2022) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2023, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "That, subject to the passing of Resolution 11 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 11 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £74,900, (representing 10% of the aggregate nominal amount of the share capital in issue, excluding treasury shares at 13 July 2022); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1p each in the capital of the Company ("Share") at whatever discount the prevailing market price represents to the prevailing net asset value per Share provided that:

    (a) the maximum number of Shares which may be purchased is 11,227,510, representing 14.99% of the Company's issued ordinary share capital as at 13 July 2022 (excluding treasury shares);

    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall not exceed the higher of;

        i) 105% of the average of the middle market quotations for the Shares as taken from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and

        ii) the higher of the last independent bid and the highest current independent bid on the London Stock Exchange;

    (c) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p, being the nominal value per Share;

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2023 (unless previously renewed, varied or revoked by the Company prior to such date);

    (e) the Company may make a contract to purchase Shares under the authority hereby conferred which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and

    (f) any Shares so purchased will be cancelled or held in treasury."
14. To consider and, if thought fit, to pass the following resolution as a special resolution:

    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

13 July 2022

Registered Office:
1 London Wall Place,
London EC2Y 5AU

Registered Number: 12892325

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend, ask questions and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. Shareholders are encouraged to appoint the Chairman as proxy. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 389 0306 or +44(0) 121 415 0179 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder. Voting will be by poll.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 6.30 p.m. on 1 September 2022. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 389 0306 (or +44(0) 121 415 0179 for overseas callers).

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence. Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 1 September 2022, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 1 September 2022 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of their family interests in the shares of the Company,

Explanatory Notes to the Notice of Meeting

will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election and are set out on pages 30 and 31 of the Company's report and accounts for the period ended 31 March 2022.

7. As at 13 July 2022, 75,000,000 ordinary shares of 1 pence each were in issue (100,000 were held in treasury). Therefore the total number of voting rights of the Company as at 13 July 2022 was 74,900,000.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's webpage, www.schroders.co.uk/sbo.

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information. Shareholders are asked to send their questions by post or by email (amcompanysecretary@schroders.com).

10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:

    (a) 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 Meeting; or

    (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

11. The Company's privacy policy is available on its webpages. www.schroders.com/SBO. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the AGM.

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.

Investment policy

The Company will invest in a diversified portfolio of both public equity investments and private equity investments consisting predominantly of UK Companies with strong long-term growth prospects.

"**Public equity investments**" mean any investments in any of the following categories (a), (b) and (c) below (although it is envisaged that the Company will predominantly focus on those of an equity and/or quasi-equity nature as set out under categories (a) and (b) below):

(a) ordinary shares or similar securities issued by an issuer which are traded on any of the following:

  (i) any "regulated market" as defined in MiFID II and as listed in the register of regulated markets within the EEA maintained by the European Securities and Markets Authority from time to time; or

  (ii) any "recognised investment exchange" as recognised by the FCA under Part XVIII of FSMA; or

  (iii) any "recognised overseas investment exchange" as recognised by the FCA under Part XVIII of FSMA;

(b) securities or other instruments giving the right to acquire or sell any of the securities referred to in (a) above, including without limitation warrants, options, futures, convertible bonds and convertible loan notes; and

(c) preference shares issued by an issuer referred to in (a) above.

"**Private equity investments**" mean any investments in any of the following categories (w), (x), (y) and (z) below (although it is envisaged that the Company will predominantly focus on those of an equity and/or quasi-equity nature as set out under categories (w) and (x) below): (w) shares in companies and other securities/units/interests equivalent to shares in companies, partnerships (including limited partnership interests) or other entities, provided that they are not already captured under the definition of "public equity investments" above; (x) securities, derivatives or other instruments giving the right to acquire or sell any of the shares/securities/units/interests referred to in (w) above, including without limitation warrants, options, futures, contingent value rights, convertible bonds, convertible loan notes, convertible loan stocks or convertible preferred equity; (y) preference shares issued by an issuer referred to in (w) above; and (z) debt-based investments not otherwise covered above, including loan stock, payment-in-kind instruments and shareholder loans.

It is anticipated that the Company's portfolio will typically consist of 30 to 50 holdings and will target companies with an equity value between approximately £50 million and £2 billion at the time of initial investment.

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs.

The Company will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. It is anticipated that in the period immediately following Initial Admission, the Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

"UK Companies" means companies which are incorporated, headquartered or have their principal business activities in the United Kingdom, and companies headquartered outside the United Kingdom which derive, or are expected to derive, a significant proportion of their revenues or profits from the United Kingdom.

Net asset value ("NAV") per share

The NAV per share of 104.14p (30 June 2021: 108.44p) represents the net assets attributable to equity shareholders of £78,103,000 (30 June 2021: £81,327,000) divided by the 75,000,000 (30 June 2021: same) shares in issue at the period end.

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 period end amounted to 19.3% (30 June 2021: 3.2%), as the closing share price at 84.0p (30 June 2021: 105.0p) was 19.3% (30 June 2021: 3.2%) lower than the closing NAV of 104.14p (30 June 2021: 108.44p).

Gearing/(net cash)

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. A negative figure so calculated is termed a "net cash" position.

At the period end, the Company had no loans or overdrafts, and thus was in a net cash position, calculated as follows:

Definitions of Terms and Performance Measures

	31 March 2022 £'000	30 June 2021 £'000
Borrowings used for investment purposes, less cash	(15,452)	(17,960)
Net assets	78,103	81,327
Net cash	(19.8)%	(22.1)%

Ongoing Charges

Ongoing Charges (OGC) are calculated in accordance with the AIC's recommended methodology, and represents total annualised operating expenses payable including any management fee, but excluding any finance costs transaction costs and performance fee provision, expressed as a percentage of the average daily net asset values during the period. For the period ended 31 March 2022, operating expenses amounted to £872,000 (period ended 30 June 2021: £682,000), giving £1,126,000 (period ended 30 June 2021: £1,080,000) when adjusted to an annualised figure. This produces an OGC figure of 1.39% (period ended 30 June 2021: 1.40%), when expressed as a percentage of the average daily net asset values during the period of £80.8 million (period ended 30 June 2021: £77.4 million).

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.

Notes

Shareholder Information

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.com/sbo. The webpages have been designed to be used as the Company's primary method of electronic communication with shareholders. They contain details of the Company's share price and copies of annual reports and other documents published by the Company as well as information on the Directors, terms of reference of committees and other governance arrangements. In addition, the webpages contain links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its NAV per share on both a cum and ex-income basis, diluted where applicable, to the market on a daily basis.

Share price information may also be found in the Financial Times and at 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.

Financial calendar

Results announced	July
Annual General Meeting	September
Half year results announced	December
Financial year end	March

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in Alternative Investment Funds (such as the Company) and also that certain regular and periodic disclosures are made. This information and these disclosures may be found either below, elsewhere in this annual report, or in the Company's AIFMD information disclosure document published on the Company's webpages.

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages. The Company is also required to periodically publish its actual leverage exposures. As at 31 March 2022 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	250.0%	80.1%
Commitment method	200.0%	67.9%

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

Quantitative remuneration disclosures to be made in this annual report in accordance with FCA Handbook rule FUND3.3.5 may also be found in the Company's AIFMD information disclosure document published on the Company's webpages.

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.

Complaints

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and the Board.

www.schroders.com/sbo

Directors

Neil England (Chairman)
Diana Dyer Bartlett
Tim Jenkinson
Christopher Keljik, OBE

Advisers

Alternative Investment Fund Manager (the "Manager")

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Portfolio Managers

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU

Schroders Capital Management (Switzerland) AG
Affolternstrasse 56
8050 Zurich
Switzerland

Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Telephone: 020 7658 3847

Registered Office

1 London Wall Place
London EC2Y 5AU

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Corporate Broker

Peel Hunt LLP
100 Liverpool Street
London EC2MY 2AT

Independent Auditors

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: 0800 389 0306[1]
Website: www.shareview.co.uk

[1]Calls to this number are free of charge from UK landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at the above address and telephone number above.

Shareholder enquiries

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

Dealing Codes

ISIN:	GB00BN7JZR28
SEDOL:	BN7JZR2
Ticker:	SBO

Global Intermediary Identification Number (GIIN)

QML9TQ.99999.SL.826

Legal Entity Identifier (LEI)

5493003UY8LIHFW6HM02

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

Schroders