Schroder UK Public Private Trust plc

Report and Accounts

For the year ended
31 December 2022

Investment objective

The investment objective of Schroder UK Public Private Trust plc (SUPP or the Company) is to achieve long-term capital growth through investing in a diversified global portfolio of private and public equity companies.

Investment policy

Asset allocation and risk diversification

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

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

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

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

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

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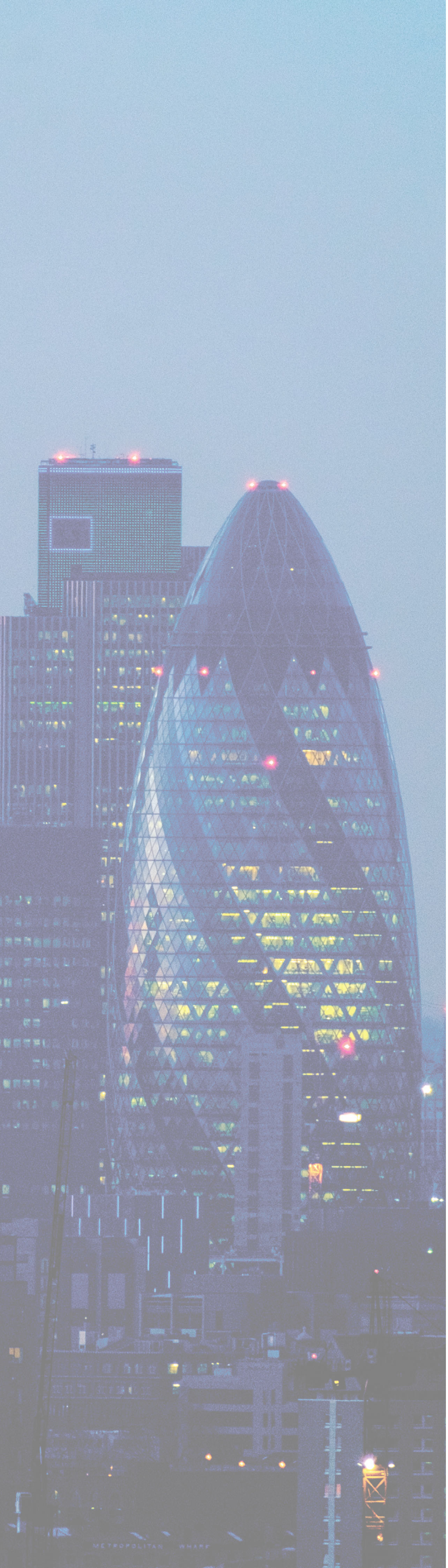

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Financial Highlights

Some of the financial measures below are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 89 together with supporting calculations where appropriate.

Returns for the year ended 31 December 2022

-40.7%

(2021: 37.4%)

Net Asset Value (NAV) per share

-53.3%

(2021: 6.8%)

Share price

Other financial information

	31 December 2022	31 December 2021	% Change
Shareholders' funds (£'000)	**257,922**	436,871	-41.0
Shares in issue	**904,219,238**	908,639,238	-0.5
NAV per share (pence)	**28.52**	48.08	-40.7
Share price (pence)	**15.47**	33.10	-53.3
Share price discount to NAV per share (%)*	**45.8**	31.2	
(Net cash)/gearing (%)*	**(6.3)**	0.7	

	Year ended 31 December 2022	Year ended 31 December 2021	% Change
Net revenue loss after taxation (£'000)	**(3,051)**	(5,315)	42.6
Revenue loss per share (pence)	**(0.34)**	(0.58)	41.4
Ongoing Charges (%)*	**0.98**	1.21	

Long-Term Performance Record

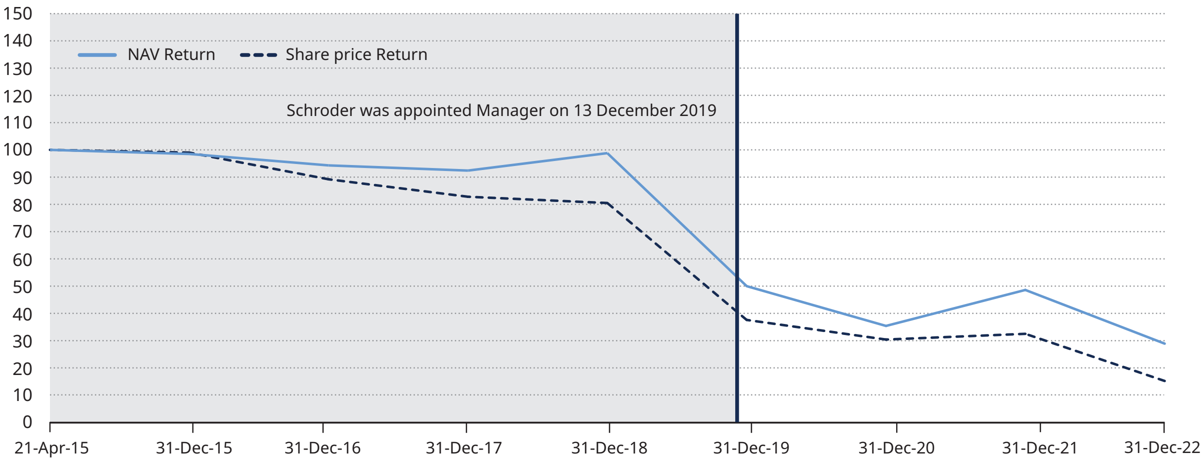
Definitions of terms and performance measures are provided on page 89.

At 31 December	21 April 2015 (launch date)	2015	2016	2017	2018	2019	2020	2021	2022
Shareholders' funds (£'000)	790,640	805,264	771,093	755,295	807,200	449,429	318,069	436,871	257,922
NAV per share (pence)	98.83	97.37	93.24	91.33	97.61	49.46	35.00	48.08	28.52
Share price (pence)	102.00	101.00	91.00	84.45	82.10	38.35	31.00	33.10	15.47
Share price (premium)/ discount to NAV per share (%)[1]	(3.2)	(3.7)	2.4	7.5	15.9	22.5	11.4	31.2	45.8
(Net cash)/gearing (%)[1]	–	(1.5)	9.7	19.8	18.6	24.6	31.6	0.7	(6.3)

For the year ended 31 December	2015[2]	2016	2017	2018	2019	2020	2021	2022
Net revenue return/(loss) after taxation (£'000)	1,538	(711)	(3,441)	(3,847)	(5,956)	(5,072)	(5,315)	(3,051)
Revenue return/(loss) per share (pence)	0.25	(0.09)	(0.42)	(0.47)	(0.67)	(0.56)	(0.58)	(0.34)
Dividend per share (pence)	0.16	–	–	–	–	–	–	–
Ongoing Charges (%)[1]	0.10	0.18	0.18	0.17	0.43	0.74	1.21	0.98

[1]Alternative performance measures.
[2]Represents the period from 21 April 2015 (the date on which the Company began investing) to 31 December 2015.

NAV per share and share price total return for the period from 21 April 2015 (launch date) to 31 December 2022



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

Chair's Statement

Performance

It is disappointing that 2022 continued to be a difficult year for the Company. The invasion of Ukraine and pressure on financial markets led to deteriorating market sentiment, both for the portfolio itself and for shares in the Company. Against this backdrop, the Company's Net Asset Value (NAV) per share for the year to 31 December 2022 fell by 40.7% and the share price by 53.3% and the Board remains frustrated with this outcome. Performance during the year was primarily driven by the fall in the share price of our largest holding, Oxford Nanopore and other legacy private investments including Rutherford, BenevolentAI and Atom Bank.

Future returns will be driven by the performance of investments made by our Manager and the Manager has continued to make significant progress in tilting the portfolio towards venture, growth or life sciences, with six new private investments made in 2022. The change to a global mandate has opened world class opportunities for the portfolio and further details are provided in the Manager's Review section.

Portfolio Management

Last year, shareholders approved changes to the Company's investment policy to enable our Manager to consider global opportunities in private equity and to draw on Schroders Capital's strong long term track record in private equity investment. At the same time, we indicated that we would target around 75% of the portfolio to be in private equity investments and that the majority of the public holdings would be held as a consequence of private holdings going on to IPO enabling us to capture the full lifetime value of a portfolio company.

The transition to a global private equity portfolio is taking longer than we anticipated, mainly due to the continuing uncertainty in the private equity market, but further progress is expected to be made in 2023.

Schroders Capital has been managing private equity investments on behalf of investors since 1997. It has over 150 professionals committed to the private equity business worldwide and manages nearly £14 billion of private equity assets (as 31 December 2022). The Company's portfolio is managed by Tim Creed, Schroders Capital's head of private equity investments, and, in view of the greater investment emphasis on private equity, he will now be supported by Harry Raikes, who will join the team as a co-manager. Harry, who is a member of the Schroders Capital Private Equity investment team, has been instrumental in transitioning the portfolio since Schroders took over management. At the same time, Roger Doig will step away from the investment team.

Valuation Process

With effect from 30 September 2022, Schroder Unit Trusts Limited was appointed as the Company's alternative investment fund manager (AIFM), replacing Link Fund Solutions Limited. The Board are comfortable with the valuation process applied by the AIFM, using research and input from its own valuation specialist provider, IHS Markit (part of S&P Global), for the valuation of the private equity holdings, utilising the widely respected IPEVCV guidelines. Further details regarding the valuation approach adopted are explained in Note 1b in the notes to the Accounts.

Capital discipline and the introduction of a continuation vote

Schroders was appointed as the Company's portfolio manager in December 2019, following which the investment team took the necessary actions to stabilise the portfolio through the renegotiation of the debt facility, asset disposals to allow for a substantial reduction in the level of borrowings and engagement with the portfolio companies to determine an action plan for maximising returns from the legacy portfolio. The portfolio manager also developed a pipeline of opportunities to give investors access to some of the best and most attractive venture and growth companies globally. In that regard, the investment team have made 11 private investments since their appointment across technology, financials, business services and healthcare sectors.

A proposal to make amendments to the Company's Articles will be made at the Company's Annual General Meeting to include the introduction of a continuation vote at the 2025 Annual General Meeting, which will provide shareholders with the opportunity to vote on whether the Company should continue in its present form. There will also be a requirement to propose a similar resolution at the AGM every five years thereafter.

The continuation vote at the AGM in 2025 will allow the Board and shareholders the opportunity to review the performance of the Manager over the five years since its appointment, which the Directors consider to be an appropriate timeframe for the investment team to have repositioned the portfolio, including having made a number of new investments against which its performance can be assessed.

While the portfolio progress over the last three years has been positive, the NAV has fallen as the Company continues to work through the issues in the legacy portfolio, which has been made more challenging with the change in the environment for growth capital investing. Against this backdrop, the discount at which the Company's shares trade in relation to net asset value has widened.

This discount widened further during 2022 and stood at 45.8% at 31 December 2022, reflecting not only the performance of the Company itself but also the poor sentiment and uncertainty surrounding the wider private equity sector.

The Board intends to make an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager received between now and the 2025 Annual General Meeting available to be redeployed to make share repurchases by the Company.

The Board acknowledges that it is not possible to accurately forecast such realisations between now and 2025. In order to ensure that the Company remains active in buying back its stock, the Board intends in any event to purchase shares

Chair's Statement

equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024. The intention to undertake share repurchases outlined above is subject to the approvals detailed in the following section of this statement.

The Company's share buy back policy will be reviewed ahead of the continuation vote in 2025.

Share buybacks undertaken by the Company in 2022 and 2023

From 9 May 2022 to 21 December 2022, the Company undertook a series of share buybacks totalling 4,420,000 ordinary shares for a consideration of c.£812,000. In 2023, the Company has undertaken further share buybacks totalling 1,735,000 ordinary shares for a consideration of c.£257,000. Although the Company had a share premium account of £891 million at the time of the 2022 and 2023 share buybacks, as that had not been cancelled at the time, the Company did not have sufficient distributable profits and so those buybacks did not comply with the requirements of the Companies Act 2006.

The Company has been advised that, in order to rectify this, shareholders may approve various actions. Accordingly, the Company shall propose resolutions at the forthcoming AGM to:

(i) Cancel the Company's share premium account, subject to obtaining the requisite Court approval;

(ii) Conditional on the Court approval of the cancellation of the share premium account, appropriate such amounts as are necessary from the cancelled share premium account as distributable profits for the purposes of the 2022 and 2023 share buybacks; and

(iii) Enter into deeds of release in respect of the shareholders who received share buyback consideration and the directors who authorised the share buybacks.

The Board plans to recommence share buybacks and, in order to do so, shareholders must have approved these resolutions, along with the resolution to re-new the Company's authority to buyback shares. Following the AGM, the Company will apply to the Court for its share premium account to be cancelled, following which the Company will be able to re-commence share buybacks.

Change of Company Name

The Board has taken steps to change the Company's name to Schroders Capital Global Innovation Trust plc to more accurately reflect the changes in investment objective and policy agreed at the AGM in May 2022 and the strategy that has been followed as a result. The Company will make a further announcement following confirmation of the change of name by Companies House.

Gearing

At the year ended 31 December 2022, the Company had cash of £16.1 million (2021: £19.1 million). During the year, £22 million was drawn on the £40 million revolving credit facility and this was repaid in full and undrawn at the year end. The revolving credit facility expired on 30 January 2023 and although the Board remains of the view that gearing should be one of the tools available to the Manager to make use of the closed ended structure, the use of gearing is not a priority at this specific time. It will continue to monitor whether gearing should be used by the Manager.

Board Composition

Raymond Abbott, who has served on the Board since 2019, will retire following the conclusion of the AGM in June 2023. On behalf of the Board, I would like to thank Raymond for his considerable contribution to the Company and wish him well for his future plans. As part of its succession plan to promote regular refreshment and diversity, the Board has appointed an executive search firm and commenced the recruitment for a new director. The Board will make an announcement once a suitable candidate has been appointed.

AGM

The Company will be posting a separate notice of AGM to shareholders in early May, for an AGM to be held in early June. The Board looks forward to welcoming shareholders to attend and participate in the meeting.

Shareholders will also have the opportunity to hear a presentation from the Manager and light refreshments will be served. Please note that all voting will be on a poll and we encourage all shareholders to exercise their votes by means of registering them with the Company's registrar ahead of the meeting, online or by completing paper proxy forms, and to appoint the Chair of the meeting as their proxy.

In the event that shareholders have a question for the Board, please email amcompanysecretary@schroders.com in advance of the AGM.

Changes to the Articles of Association

One of the resolutions that will be proposed at the AGM is an amendment to the Company's articles of association (the "Articles") to allow for periodic continuation votes from 2025 and thereafter at 5 yearly intervals, as noted above and the flexibility to hold shareholder meetings (wholly or partially) by electronic means. This latter change would allow the Board to hold hybrid or virtual meetings when in the best interests of shareholder safety, for example, in the event of a future pandemic. The amendments will not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical general meeting when safe and practical to do so. Further details will be included in the notice of AGM to be posted in early May.

Change of Auditor

Following a competitive tender process, the Company's auditor, Grant Thornton UK LLP will not be seeking re-appointment as auditor and a resolution to appoint Ernst & Young LLP as the Company's auditor will be made at the AGM.

Change of Registrar

In accordance with the change of the majority of its service providers in 2022, the Board has decided to change registrar from Link to Equiniti with effect from 30 June 2023.

Web Conference – Update from Schroders

Please join the Manager for a webinar in which they will report on the year ended 31 December 2022 and outline their thoughts on the future direction of the portfolio. The presentation will be followed by a live Q&A session. The webinar will take place on 18 April 2023 at 2pm. Register for the event at https://registration.duuzra.com/form/suppannualresults2022.

Outlook

Although 2022 was disappointing for the Company, the Manager has continued to diversify the portfolio and the Board believes that the global remit, adopted in 2022, enables access to the best innovation ideas in the most promising themes, wherever they are in the world. The pivot towards private investments, which has taken longer than anticipated due to the uncertainty of private markets in 2022, is expected to make further progress in 2023.

The Company offers investors access to the leading growth businesses of the future, selected by a Manager with a leading track record in private equity investing over the last 25 years with a themed focus across technology and healthcare.

The Board believes that the package of measures taken to narrow the discount coupled with the ability of the Manager to capture global innovation opportunities will help to restore shareholder and investor sentiment.

Tim Edwards
Chair
14 April 2023

Manager's Review

Summary

- The Company reported a net asset value ("NAV") of 28.52p per share as of 31 December 2022, a decrease of 40.7% relative to the NAV share per share as of 31 December 2021 (48.08p) and -7.6% relative to the NAV per share as of 30 September 2022 (30.88p).
- Inflation, tightening monetary conditions and heightened geopolitical tensions led to deteriorating market sentiment during the year, which weighed on the performance of the portfolio. Performance over the year was largely driven by the fall in the share price of the Company's largest holding, Oxford Nanopore Technologies plc ("Oxford Nanopore"), while other legacy investments, including Rutherford, BenevolentAI and Atom Bank also weighed on returns.
- With caution given the challenging market backdrop, the Company continued to invest in ground-breaking companies, adding dedicated renewed technology marketplace, Back Market, to the portfolio, as well as building out its diversified portfolio of innovative life science businesses targeting key unmet medical needs, with new positions in Epsilogen, Araris Biotech, iOnctura, A2 Biotherapeutics and Anthos Therapeutics. Post period-end, the Company continued to utilise its broadened global investment remit, announcing its first transaction in Asia with an investment in AgroStar, one of India's foremost agricultural technology start-ups.
- We welcome the steps taken by the Board to change the name of the Company, while our appointment of Harry Raikes as co-manager aligns with the greater investment emphasis on private equity. These changes reflect our ambition to provide shareholders with access to the leading growth businesses of the future and achieve long-term capital growth.
- We are not complacent about the challenges that lie ahead. While we have made significant progress in transforming the portfolio into one which is gradually reflecting the opportunity set that we see, it would be wrong to suggest that the job is anywhere near complete. The Company still has a significant exposure to legacy investments made by the previous Portfolio Manager and much work is required to restore the reputation of the Company in the eyes of the investing public. Nevertheless, we believe the Company is now on a path that the broader Schroders Capital business has been following successfully for twenty-five years. We know where it is heading, and we are confident that the journey represents a compelling long-term growth opportunity. Now it is time for us to deliver that opportunity.

Introduction

Our journey so far

Schroders took on the management of the Company in December 2019 and the journey since then has involved a lot of work and many hurdles have been overcome. In many respects, our transformation of the portfolio remains a work in progress, but we believe it is important to look back on the important steps that we have taken and reflect on the prospects that await the Company.

In the early months of Schroders' tenure managing the Company, our key task was to get our arms firmly around the portfolio by understanding the underlying holdings in great detail. It was evident from the outset that the legacy portfolio contained a few real gems, some of which are still held today, but other assets required greater input and careful nurturing. Against the backdrop of the Covid pandemic and a global economy in lockdown, the initial progress was gradual but measured, allowing us to gain a clearer sense of which assets would form part of the long-term future of the Company, while thinking strategically about how to optimise value from other parts of the portfolio. Other priorities included increasing the liquidity of the portfolio and reducing the level of financial gearing.

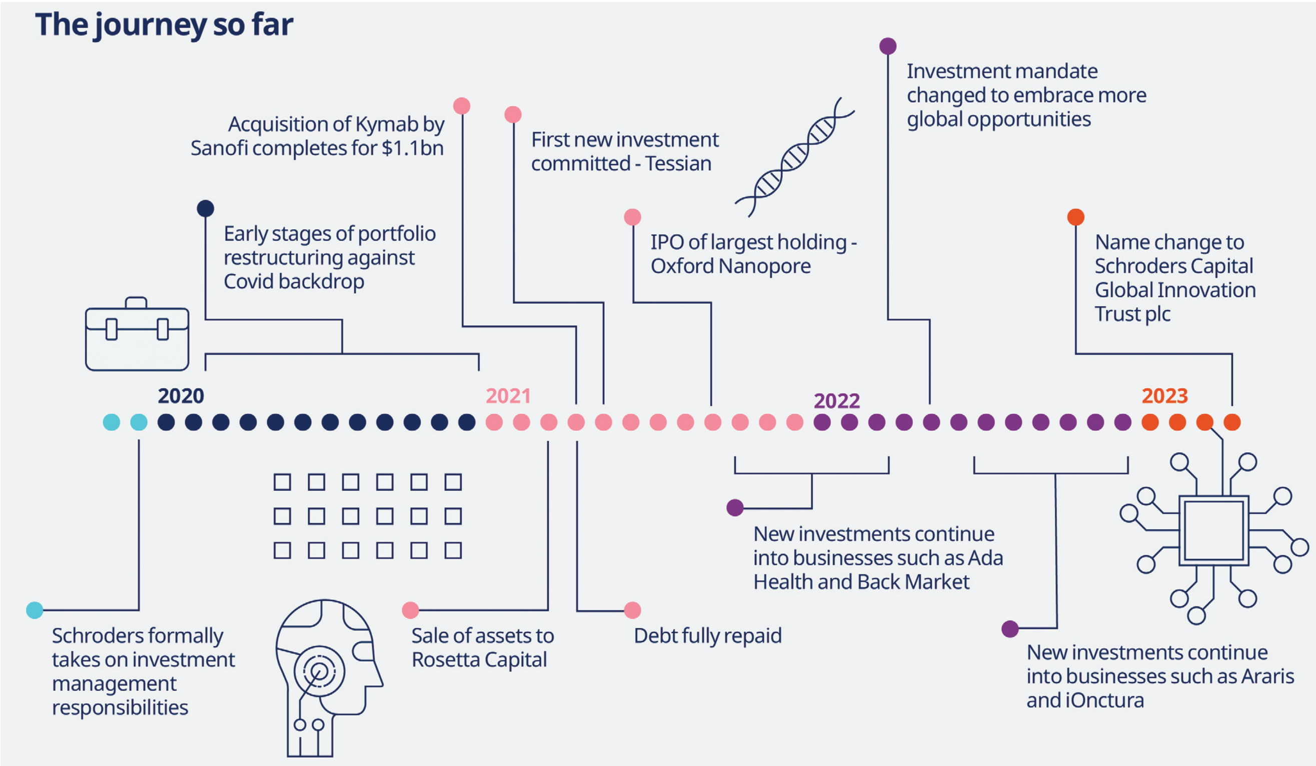
A first key step in this process was completed in March 2021, with the sale of seven assets to Rosetta Capital for more than £50 million. That transaction represented many months of hard work, with significant contributions from several team members. Then, in April 2021, the sale of clinical-stage biotechnology company Kymab to Sanofi for $1.1bn plus milestones was completed, resulting in a significant profit for the Company.

Importantly, these activities paved the way for other positive developments. Crucially, the proceeds allowed us to fully repay the inherited debt burden which stood at £112.9 million as of 31 December 2019. Thus, we were able to establish a much sounder financial platform for the Company, and the prospect of making new investments into ideas generated by Schroders Capital's well-established and highly-experienced venture capital team was suddenly much closer.

Indeed, the first new investment for the portfolio was committed in May 2021, when we acquired a stake in the private, high potential UK cyber-security business, Tessian. This was quickly followed by positions in UK neobank Revolut, leading market research technology platform Attest, and the AI-based digital health business Ada Health, in a series of new investments committed through the rest of 2021, 2022 and continuing into this year. We are confident that this new idea pipeline will continue to deliver the opportunity to invest in similarly exciting young innovative companies that, we believe, represent the leading growth businesses of the future.

In the meantime, we have also seen the successful IPOs of Oxford Nanopore and Immunocore, and the holdings in Kymab, Inivata and Kuur Therapeutics have all been acquired by larger healthcare businesses. These events have collectively realised a valuable gain for the Company. By contrast, several of the portfolio's publicly traded holdings have performed poorly in what has been a challenging period for equity markets, particularly over the last eighteen months. Meanwhile, the holding in Rutherford Health was written down to zero when the business failed to attract sufficient new funding, and several other legacy private holdings have seen write-downs due to disappointing developments, including Industrial Heat, Mafic and Spin Memory. It is the nature of early-stage investments that the performance of individual holdings are likely to diverge significantly. Some have developed positively and are fulfilling their high potential, whereas others, inevitably, have fallen by the wayside. The disappointments have been in businesses that were part of the portfolio long before Schroders took on its management, and in most cases, we

Manager's Review



The Board has taken steps to change the Company's name to Schroders Capital Global Innovation Trust plc.

believe there has been little we could do to turn their fortunes around.

Another key milestone for the Company was the widening of its investment powers to include a more global remit, which was approved in May 2022. This too was influenced by Schroders Capital's significant global resources, which we believe can now be fully deployed for shareholders benefit, in providing access to the best venture and growth investment opportunities worldwide. The Company's proposed name change reflects this global remit. It also captures the essence of the current shape of the portfolio and its direction of travel.

During the 12 months to 31 December 2022, the Company made six new private equity investments including one new growth investment and five new life science strategy investments. Our efforts to increase the private equity allocation further were impacted by overheating in late-stage and pre-IPO markets which temporarily allowed private company valuations to become detached from underlying fundamentals with some overflow effects into other areas of the market. Our investment team did come close on several other opportunities, however with strict valuation discipline were ultimately unable to agree terms. However, we remain hopeful that the current more normalised valuation environment will allow us to make further progress in 2023, and as such we are excited to announce the investment in AgroStar, one of India's foremost agricultural technology start-ups.

The portfolio's longer-term strategic positioning is underway, in line with our ambition to provide investors with access to innovative companies wherever they are in the world, focusing on venture, growth and life sciences opportunities, which is discussed in more detail in the Strategic Review section of this report.

2022: Economic and market backdrop

Geopolitics and public equity markets

Global equity markets saw steep declines in 2022. Despite relatively resilient earnings throughout much of the year, inflation, tightening monetary conditions and geopolitical tensions drove increased volatility across equity, bond and currency markets. Russia's invasion of Ukraine in late February caused a global shock, with equities declining and commodity prices soaring. This contributed to a further surge in inflation as well as supply chain disruption. In effect, this brought about an end to the loose monetary policy era across many developed markets as central banks moved, often belatedly, to raise rates and halt asset purchase programmes launched in the previous decade. This policy shift kept shares prices under pressure through the spring and summer of 2022 as investors moved to price in expectations of future interest rate rises and an increased risk of recession. Shares did however briefly make gains in November as improved sentiment drove a bear market rally until hawkish central bank rhetoric amidst a slowing growth backdrop ultimately led markets to further losses in December.

Private equity and venture capital markets

In 2022, global venture capital (VC) funding declined 35% to $415 billion[1] with particular weakness in the fourth quarter reflecting a 64%[1] year-on-year fall from an exuberant 2021. This decline was reflected in both deal volumes and average deal sizes. During the year, average deal sizes declined by

32%[1] towards more normalised levels seen in 2020. Of particular note, the number of mega-rounds – funding rounds of more than $100 million – declined 78% in the fourth quarter, highlighting the retrenchment of investors that do not typically have roots in venture capital, which had become a cause for concern in 2021. This market cooling was also evident in the plummeting rate of unicorn[2] creation through the year with 19 new unicorns created in the fourth quarter, a fraction of the 139 created twelve months earlier.

[1]CB Insights State of Venture Global 2022 recap.
[2]Defined as a venture capital-backed company with a value of over $1 billion.

Portfolio composition and valuation reviews

As of 31 December 2021, the Company had 35 portfolio holdings, including 11 public equity holdings and 24 private equity holdings (excluding 9 holdings with no value). During the period, the number and composition of holdings was impacted by the following events:

- One new investment completed as part of the growth strategy:
  - New investment in leading, dedicated renewed technology marketplace, Back Market (incorporated as Jung S.A.S).
- Five new investments completed as part of the life sciences strategy:
  - Innovative developer of immunoglobulin E antibodies to treat cancer, Epsilogen Ltd ("Epsilogen").
  - Antibody-drug conjugates development company, Araris Biotech AG ("Araris").
  - Clinical stage oncology company, iOnctura SA ("iOnctura").
  - T-cell development company, A2 Biotherapeutics Inc ("A2 Bio").
  - Clinical-stage biopharmaceutical company, Anthos Therapeutics LLC ("Anthos").
- Continued portfolio rebalancing and diverging performance of legacy holdings:
  - Sale of Seedrs Ltd ("Seedrs").
  - Rutherford Health plc ("Rutherford Health") announced the withdrawal of its shares from trading on the AQSE Growth Market and was subsequently revalued to no value after its Board resolved to wind-up the company. Further details of the engagement undertaken as part of this process can be found in the dedicated Sustainability section of this report.
  - BenevolentAI completed its business combination with Odyssey Acquisition S.A. ("Odyssey"), a Euronext Amsterdam- listed investment company.
  - Disposals of small, residual positions in Reneuron, Xeros and Plenti.
  - Mafic and Metaboards revalued to zero.

As of 31 December 2022, the Company had 34 portfolio holdings, including 9 public equity holdings and 25 private equity holdings (excluding 12 holdings with no value). All the Company's quoted holdings were valued using unadjusted quoted prices, except BenevolentAI which was fair value priced due to a lack of liquidity in its listed shares. For the Company's private equity holdings, a full valuation review was conducted to determine the fair value of the portfolio as of 31 December 2022.

Financial performance

Attribution analysis (£m)	Public equity	Private equity	Net (debt)/ cash	Other	NAV
Value as at 31.12.21	**243.3**	**197.6**	**(2.9)**	**(1.1)**	**436.9**
+ Investments	–	17.4	(17.4)	–	–
- Realisations at value	(20.9)	(19.2)	40.1	–	–
+/- Fair value gains/(losses)	(138.3)	(37.4)	–	–	(175.7)
+/- Reclassified holdings	11.5	(11.5)	–	–	–
+/- Costs and other movements	–	–	(3.7)	0.4	(3.3)
Value as at 31.12.22	**95.6**	**146.9**	**16.1**	**(0.7)**	**257.9**

Source: HSBC, as of 31 December 2022. Fair value gains/(losses) include foreign exchange gains/(losses).

The NAV as of 31 December 2022 was £257.9 million, a decrease of 41.0% compared with the NAV (£436.9 million) as of 31 December 2021.

The full year NAV decrease of 41.0% comprised:

- Public equity holdings: -31.7%
- Private equity holdings: -8.6%
- Costs and other movements: -0.8%

The Company's public equity holdings saw a decrease in value of 56.8% contributing 31.7% to the full year decrease in NAV. This was predominantly driven by the portfolio's largest holding, Oxford Nanopore ("ONT"), whose share price fell 64.6% over the year, resulting in a loss of £105.1 million. Stock performance disappointed over the period reflecting changes in the market backdrop – including a rotation out of growth, an aversion to negative free cashflow businesses, and weaker operating performance reported at peers. During the year, the Company's weighting in ONT declined from 36.9% to 23.3% of total investments as of 31 December 2022.

As mentioned in the half year report and accounts, Rutherford Health was fully written off in June 2022 following news that the company's Board had resolved to wind-up the company and appoint the official receiver as liquidator. The revaluation resulted in a loss of £23.6 million. The company was reported as an unquoted holding following withdrawal of its shares from trading on the AQSE Growth Market on

Manager's Review

24 January 2022. Further details of the engagement undertaken by the investment team can be found in the dedicated Sustainability section of this report.

Furthermore, the share price of IDEX Biometrics, the Norwegian developer of biometric cards, declined by 68.3% over the period, representing a loss of £8.0 million. IDEX has continued to deliver on its commercial plans with 9 commercial launches of bank cards utilising its biosensor technology over the course of the year, including a full-scale launch by First Bank Abu Dhabi, which generated the largest single order for IDEX biosensors to date. The mass roll out of biometric payments cards looks to be approaching, and in 2022 IDEX expanded the number of card manufacturers preparing card launches incorporating the IDEX sensors substantially. However, while revenue growth of 44% year-on-year was encouraging, the revenue arising from commercialisation has been slower than anticipated, meaning the company remains unprofitable, and needed to raise further capital in Q4, which put pressure on the share price.

In April 2022, BenevolentAI, the healthcare technology company applying artificial intelligence for drug discovery and development, completed its Business Combination with Odyssey Acquisition S.A. ("Odyssey"), a Euronext Amsterdam-listed investment company. Disappointingly, however, given the lack of a full price discovery process and the majority of shareholders being locked up until mid-October, its quoted share price declined 64.7% over the period to 31 December 2022. As at the valuation date (31 December 2022), the Company's AIFM also opted to perform an additional fair value assessment in order to reflect a lack of liquidity in the shares. The fair value concluded represents a price of £2.51 per share reflecting a 19% discount to the quoted price (£3.11 per share) as of the valuation date.

On the positive side, the share price of Immunocore, the pioneering T cell receptor biotechnology company, increased 67.4% over the period. The company received FDA and European Commission approval for the first treatment developed on its TCR immunotherapy platform, KIMMETRAK, and successfully started to commercialise the treatment over the course of the year. This was an important proof point for the company's platform, and a number of other therapies continue to be developed on it. A private placement in July, coupled with an improvement in the rate of cash burn as product revenues started to come through from KIMMETRAK, has extended the company's cash runway until at least 2026, over which time further treatments developed on the platform are expected to be brought through the approval process.

The Company's private equity holdings saw a decrease in value of 18.9%, contributing 8.6% to the full year decrease in NAV.

UK app-only challenger bank, Atom Bank, was revalued down to reflect a continued deterioration in the valuation of public market comparables and a more prudent approach adopted by the Company's new AIFM. The valuation adjustment resulted in a fair value loss of £14.5 million over the period, despite which Atom Bank remains the Company's largest private holding representing 13.1% of total investments. We are encouraged with the operational progress at Atom Bank. The business continues to scale up and is now profitable. Any new capital that the bank raises is therefore supporting further growth through increased scale and new product launches, which has the potential to deliver shareholder value over the medium term notwithstanding the current volatile environment surrounding valuations of listed players in the space.

Foreign exchange

Over the full year period, the fair value of investments denominated in United States Dollar (USD), Euro (EUD), Swiss Franc (CHF) and Norwegian Krone (NOK) benefited from the depreciation in the value of the British pound sterling (GBP).

Cash and debt

At the year ended 31 December 2022, the Company had cash and cash equivalents of £16.1 million. During the year, £22 million was drawn on the £40 million revolving credit facility and this was repaid in full and undrawn at the year end. This facility expired on 31 January 2023. We do not see the use of gearing as a priority at this time and believe the portfolio has sufficient cash and liquidity to efficiently manage the portfolio going forward in line with the Board's recent proposals to shareholders. However, we remain open to utilising a credit facility in the future when appropriate.

Investment activity

Realisations

During the 12 months to 31 December 2022, the Company made realisations totalling £40.1 million. The key transactions are highlighted below:

- £16.7 million was realised from the Company's holding in Immunocore to fund new private investments.
- The Company completed the sale of its holding in Seedrs to a global institutional investment management firm in March receiving cash proceeds of £12.0 million. For further information regarding the transaction, investors can refer to the original announcement made by the Company on the 1st December 2021.
- The Company received £4.0 million from the deferred purchase price release as part of the sale of Kymab to Sanofi which originally completed back in April 2021.
- The Company sold £1.6 million in a secondary transaction as part of Nexeon's $170m funding round.
- The Company received its second distribution of £1.5 million from the HP Environmental Technologies Fund following the acquisition of portfolio company, Driivz, by Vontier Corporation, a global industrial technology company focused on transportation and mobility solutions.
- The Company sold its small remaining public positions in consumer lending company Plenti Group (following the expiry of its lock-up period), stem cell research company ReNeuron and industrial technology firm Xeros Technology.
- The remaining realisations were made from across the public equity holdings, including Oxford Nanopore, Johnson Matthey and Spirent Communications.

Manager's Review

New investments

During the 12 months to 31 December 2022, the Company made six new private equity investments totalling £15.1 million. This included one new growth investment and five new life science strategy investments.

We provide an overview of these new investments below, with select United Nations' Sustainable Development Goals ("SDGs") and targets aligned to their businesses.

Back Market – New "growth" investment

Leading online marketplace dedicated to refurbished devices

In January 2022, the Company announced it had invested €12.0 million (£10.0 million) in Back Market (incorporated as Jung S.A.S.), as part of its $510 million Series E funding round. The round was led by Sprints Capital, together with Eurazeo Growth, Aglaé Ventures, General Atlantic, and Generation Investment Management. The Company invested alongside its co- investment partner, Sprints Capital, via a single asset fund, Sprints Capital Ellison LP.

Launched in 2014, Back Market is the leading dedicated renewed technology marketplace. The company brings high-quality professionally refurbished electronic devices and appliances to customers in 16 countries including the United Kingdom, the United States, France, Germany, Italy, Spain, Belgium, Austria, the Netherlands, and more recently, Portugal, Japan, Finland, Ireland, Greece, Slovakia, and Sweden. The Series E round underpins Back Market's ambitious vision and allows the company to build on its position as the leading marketplace exclusively dedicated to the sale of expertly refurbished electronics. Back Market is determined to make circular technology mainstream by delivering an experience even better than buying new.

Select UN SDG(s):

11 Make cities and human settlements inclusive, safe, resilient and sustainable

12 Ensure sustainable consumption and production patterns

13 Take urgent action to combat climate change and its impacts

Select targets:

11.6 By 2030, reduce the adverse per capita environmental impact of the cities

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Epsilogen – New "life sciences" investment

Innovative developer of immunoglobulin E antibodies to treat cancer

In March 2022, the Company announced it had made an investment of £1.5 million* into innovative developer of immunoglobulin E antibodies to treat cancer, Epsilogen, as part of its £30.8 million Series B funding round. The round was led by a new investor, Novartis Venture Fund, and joined by other new investors 3B Future Health Fund, British Patient Capital and Caribou Property. The new syndicate joins founding Series A investor Epidarex Capital and Series A investor ALSA Ventures both of whom also committed further capital in the Series B fundraising.

Epsilogen is an innovative developer of immunoglobulin E (IgE) antibodies to treat cancer. IgE's natural function is to provide immunological defence against certain parasites. This functionality makes it an ideal treatment of solid tumours due to its strong potency, enhanced tumour access and long tissue half-life. Epsilogen's lead product candidate, MOv18 IgE, is the first therapeutic IgE antibody to enter the clinic and encouraging data from a phase I trial demonstrated MOv18 IgE to be safe and well tolerated with early signs of clinical activity also seen. Epsilogen is also developing a proprietary IGEG™ antibody platform combining elements from both IgE and IgG antibodies into novel and proprietary antibody molecules with enhanced functionality.

**total commitment of £3.0 million.*

Select UN SDG(s):

3 Ensure healthy lives and promote wellbeing for all at all ages

Select targets:

3.4 By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

3.8 Support research, development and universal access to affordable vaccines and medicines

Manager's Review

Araris – New "life sciences" investment

Pioneering a novel linker technology for antibody-drug conjugates

In October 2022, the Company announced it had made an investment of CHF 1.5 million (£1.3 million)* into antibody-drug conjugates (ADCs) development company, Araris Biotech AG ("Araris"), as part of its CHF 23.5 million (£21.4 million) financing round. New investors Wille Finance (CH) and Institute for Follicular Lymphoma Innovation (US) as well as existing investors in the company's blue-chip syndicate participated in this financing including Pureos Bioventures, 4BIO Capital, VI Partners, btov Partners and Redalpine.

Araris is pioneering the development of a novel antibody-drug conjugate (ADC)-linker technology to enable efficient and precise production of ADCs. Its linker platform enables the attachment of any drug payload to 'off the shelf' antibodies, without the need for prior antibody engineering. The resulting ADCs have shown very high activity at low doses and an improved therapeutic index compared to FDA-approved ADCs. Araris is a spin-off company from the Paul Scherrer Institute (PSI) and ETH Zurich.

On completion of the transaction, the Company invested £1.3 million of its total commitment with the balance expected to be invested at the milestone closing at some point in the second quarter of 2023.

**total commitment of CHF 3 million (£2.7 million).*

Select UN SDG(s): **3** Ensure healthy lives and promote wellbeing for all at all ages

Select targets:

3.4 By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

3.8 Support research, development and universal access to affordable vaccines and medicines

iOnctura – New "life sciences" investment

Dedicated to delivering innovative cancer treatments

In November 2022, the Company announced it had made an investment of €0.8 million (£0.7 million)* into clinical stage oncology company, iOnctura SA ("iOnctura"), as part of a convertible loan. All of the existing blue chip investor syndicate including M Ventures, INKEF Capital, VI Partners, and 3B Future Health participated in this financing.

iOnctura is a clinical-stage biotech with a portfolio of programs that each simultaneously target multiple core mechanisms involved in cancer resistance and survival. iOnctura's pioneering approach to drug development is expected to offer significant clinical benefits over the traditional approach of targeting a single pathway alone. iOnctura has progressed two therapeutic candidates into mid-stage clinical development: IOA-244, a highly selective allosteric inhibitor of PI3Kδ to treat Treg-driven tumours; and IOA-289, a highly selective, non-competitive autotaxin (ATX) inhibitor to treat cancer associated fibroblast (CAF) driven tumours.

**total commitment of €1.3 million (£1.2 million).*

Select UN SDG(s): **3** Ensure healthy lives and promote wellbeing for all at all ages

Select targets:

3.4 By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

3.8 Support research, development and universal access to affordable vaccines and medicines

A2 Bio – New "life sciences" investment

Focused on the next frontier in cell therapy: solid tumors

In November 2022, the Company announced it had made an investment of $1.2 million (£1.0 million) into T-cell development company, A2 Biotherapeutics ("A2 Bio"), as part of its $50 million (£42 million) financing round. A2 Bio is backed by investors that include The Column Group, Vida Ventures, Samsara BioCapital, Nextech Invest, Casdin Capital, Euclidean Capital, UC Investments (Office of the Chief Investment Officer of the Regents), Hartford HealthCare Endowment, StepStone Group, Section 32 and Merck.

A2 Bio is using its next-generation cell therapy Tmod platform to revolutionize the treatment of solid tumour cancers. The company engineers T cells that target the loss of genetic material in tumours, enabling the selective killing of tumour cells while leaving normal cells unharmed.

Select UN SDG(s): **3** Ensure healthy lives and promote wellbeing for all at all ages

Select targets:

3.4 By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

3.8 Support research, development and universal access to affordable vaccines and medicines

Anthos – New "life sciences" investment

Developing innovative therapies to advance care for people living with cardiovascular and metabolic diseases

In December 2022, the Company announced it had made an investment of $0.7 million (£0.6 million)* into US-based, clinical- stage biopharmaceutical company, Anthos Therapeutics LLC ("Anthos"), in its Series B financing round.

Anthos' mission is to develop innovative therapies to advance care for people living with cardiovascular and metabolic diseases. Their most advanced program is focused on developing abelacimab, an investigational monoclonal antibody that inhibits coagulation Factor XI and its activated form, Factor XIa. Abelacimab is an experimental, next-generation anticoagulant with the potential to provide 'hemostasis-sparing anticoagulation': protection from arterial and venous thromboembolic events with a reduced risk of clinically-significant bleeding.

**total commitment of $2.8 million (£2.3 million)*

Select UN SDG(s): **3** Ensure healthy lives and promote wellbeing for all at all ages

Select targets:

3.4 By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing

3.8 Support research, development and universal access to affordable vaccines and medicine

Follow-on investments

During the period, the Company made two small follow-on investments in its existing private equity holdings, totalling £2.4 million.

The Company invested £2.3 million in Rutherford Health to extend its runway while in the process of trying to secure long- term funding. This investment formed part of a restructuring plan which included the recruitment of a new leadership team to preserve some value of the significant historical investment made by the Company into Rutherford over the preceding years. While the new leadership team vigorously pursued multiple options over the last months to save the business, it could ultimately not correct the inherited severe underlying challenges.

In January 2022, the Company invested £0.1 million in Freevolt Group Limited ("Freevolt") as part of an internal funding round designed to extend runway to the point that commercial revenues begin to build.

Recent developments

Since the year end, the Company has put its global investment universe to good use and made its first transaction in Asia with an investment of $8.0 million (~£6.6 million) in AgroStar (Ulink Agritech Pvt. Ltd.), one of India's foremost agricultural technology (AgTech) start-ups. This investment forms part of the $25 million (~£20.6 million) total investment by Schroders Capital that led the $40 million (~£33.0 million) financing round. The round also saw participation from other existing investors including Accel, Chiratae Ventures, Evolvence, Aavishkaar Capital, Bertelsmann India Investments, Hero Enterprise, Rabo Frontier Ventures, British International Investments and IFC.

Founded in 2013, AgroStar uses technology, data and agronomy knowledge to help Indian farmers. It provides an end-to-end solution that is solving three major problems for Indian farmers: limited access to good quality agricultural inputs, a knowledge gap (even among the most experienced farmers) and a lack of access to the global markets to sell their produce. The company serves millions of farmers across multiple Indian states via an omnichannel approach, having built a highly engaged digital farmer network on the AgroStar app, with over 7.5 million users, and a rapidly expanding retail network of over 5,000 stores. Through the recent acquisition of INI Farms, India's largest exporter of fruits and vegetables, AgroStar is quickly scaling its business into domestic and international food supply chains.

Manager's Review

Outlook

Within the context of a challenging backdrop of higher interest rates, inflation and volatile markets, as well as a continued overhang of inherited holdings, we are not complacent about the challenges that lie ahead. As outlined above, while we have made significant progress in transforming the portfolio into one which is gradually reflecting the opportunity set we see, it would be wrong to suggest that the job is anywhere near complete. It is a work in progress. We know significant further efforts will be required to fully capture the opportunity, to make further realisations, and to fully restore the reputation of the Company in the eyes of the investing public.

Nevertheless, the Company is now on a path that the broader Schroders Capital business has been following successfully for twenty-five years, with the Company's extended geographical focus allowing us to capitalise on our global network and invest in the most innovative venture, growth and life science opportunities, when viewed on a risk return basis, no matter where they are in the world. The below figures serve to illustrate the return profiles we are seeking in our investments, with an indication of their relative risk level, which we believe should allow the Company to achieve long-term capital growth for shareholders.

We are supportive of the Board's proposals described in the Chair's Statement, including the introduction of a continuation vote at the 2025 Annual General Meeting, giving shareholders the opportunity to review our performance over the five years since we took over management. We believe the Company is well placed to deliver on these proposals and generate long-term capital growth by making new and follow-on investments with more than £16.1 million in cash and £83.7 million in public equity investments as at 31 December 2022, supported by a healthy pipeline of global venture/growth stage companies.

We know where it is the path is heading, and we are confident that the journey represents a compelling long-term growth opportunity. Now it is time for us to deliver that opportunity.

Schroder Investment Management Limited

14 April 2023

Typical investment profiles

By sub-strategy

	VENTURE	GROWTH	LIFE SCIENCES
Series[1]	Series A/B	Series C/D	Series B
Enterprise value[2]	<£500m	>£500m	<£30m
Annual revenue growth[3]	>50%	>30%	N/A
Unit economics[4]	Unproven	Proven	N/A
Key risk factors[5]	Technology/product, market fit	Competition, valuation	Pipeline/platform risk
Risk[6]	Medium	Low	High
Target return[7]	3-5x	2-3x	>5x

Source: Schroders, March 2023. Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. Not all portfolio holdings shown.
1. Series: denotes stage of funding round. It is common for a company to begin with a seed round and continue with A, B, and then C fund rounds, etc.
2. Enterprise value: a measure of a company's total value. It looks at the entire market value rather than just the equity value, so all ownership interests and asset claims from both debt and equity are included.
3. Revenue growth: annual increase (or decrease) in a company's revenues
4. Unit economics: a measure of the profitability of selling one unit of product/service
5. Key risk factors: those risk factors we believe are most relevant to business success or failure
6. Risk: refers to estimates of total loss ratio (estimated probability of a total loss of investment cost): 20-30% for venture, 5-10% for growth, 20-50% for life sciences
7. Target return: return over the life of an investment, typically 5-10 years, expressed as a multiple of invested capital.
Based on Schroders Capital Private Equity team's estimates. Target returns are not guaranteed.

Top 10 holdings

The Company's top ten holdings as of 31 December 2022 compared with the respective holding as of 31 December 2021.

Portfolio company	Value as of 31 December 2021 (£'000)	% of total invest-ments	Value as of 31 December 2022 (£'000)	% of total invest-ments
Oxford Nanopore	162,641	36.9	56,529	23.3
Atom Bank	46,209	10.5	31,686	13.1
AMO Pharma	11,668	2.6	16,408	6.8
Reaction Engines	12,500	2.8	12,500	5.2
BenevolentAI	28,484	6.5	11,935	4.9
Federated Wireless	8,618	2.0	11,227	4.6
HP Environmental Technologies Fund	10,667	2.4	10,700	4.4
Genomics	8,896	2.0	8,854	3.7
Immunocore	21,044	4.8	7,855	3.3
Back Market[1]	–	–	7,329	3.0

Source: HSBC, as at 31 December 2022.
[1]Investment held via a single asset fund, Sprints Capital Ellison LP.

Oxford Nanopore

Technology company at the forefront of next generation DNA sequencing instrumentation

Oxford Nanopore Technologies ("ONT") has developed a new generation of nanopore-based electronic systems for the analysis of single molecules, including DNA, RNA and proteins. The handheld MinION™ device, the high-throughput PromethION™ and the GridION™ system are used in scientific research, personalised medicine, crop science, security and defence and environmental applications.

- Stock performance disappointed over the period reflecting changes in the market backdrop – including a rotation out of growth, an aversion to negative free cashflow businesses, and weaker operating performance reported at peers.
- For FY 2022, ONT reported good operational progress:
  - Revenues for Life Science Research Tools ("LSRT", the main business line) up 30% year-on-year on an underlying basis to £147 million.
  - Gross margin for the LSRT business increased to 56%, a good outturn given supply chain strains and increased component costs.
  - 2023 LSRT revenue guidance was reduced to £170-190 million representing 30% growth in the core customer revenue base, but reflecting reduced expectations for Covid related revenues. The target margin of >60% was reiterated.
  - Closing cash balance of greater than £558 million, which should be more than adequate to fund the business to profitability by 2026.

Atom Bank

Leading UK app-only challenger bank

Atom Bank is the UK's first bank built exclusively for mobile. It aims to redefine what a bank should be, making things easier, more transparent and better value. Atom currently offers savings accounts, mortgages and business loans.

- In November 2022, Atom announced that it had agreed terms with BBVA, Toscafund and Infinity Investment Partners to add a further £30m in equity to its balance sheet.
  - This follows the £75m that Atom raised in February 2022 and will be used to fuel further lending and drive the ongoing growth and development of the bank including the launch of new products such as the recent table topping 9- month fixed rate savings product.
  - The raise should enable Atom to continue to support the homeowners, first time buyers and SMEs that Atom counts as its core customers.
- Atom has delivered strongly in 2022 despite a changing backdrop, growing lending and retail deposits which has enabled a significant increase in net interest income. Combined with disciplined control of costs this has delivered positive operating profit.
- Atom is proud of its customer service and outcomes, offering ease, speed and better value than high street banks. These attributes lead Atom to be one of the UKs most trusted banks with a Trustpilot score of 4.7/5 and a 5 star iOS app, setting the standard for direct, digital banking.
- During 2022 Atom has seen a significant improvement in employee retention, and high levels of applications for new roles driven by its industry-leading move to a four-day working week.
- Subsequent to the period end, the investment team has worked with Atom Bank to adapt to ongoing developments in global banking markets, including but not limited to the closure of Silicon Valley Bank by the California Department of Financial Protection and Innovation, the sale of Silicon Valley Bank UK Limited to HSBC UK Bank Plc, and the planned acquisition of Credit Suisse by UBS.

AMO Pharma

Developer of drugs to treat rare or orphan diseases

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

- In December 2022, AMO Pharma announced the completion of patient enrolment in the company's REACH-CDM study. The REACH-CDM pivotal trial is a double-blind,

Top 10 holdings

placebo-controlled, randomized study in children and adolescents with congenital-onset myotonic dystrophy intended to support a future submission for marketing authorization in congenital myotonic dystrophy. The company also announced additional investment in AMO Pharma in response to progress in the REACH-CDM study. Funding will support AMO Pharma activities following completion of the REACH-CDM study.

- Post period end, in February 2023, the UK Medicines and Healthcare products Regulatory Agency confirmed in February 2023 that the Congenital DM1 Rating Scale (CDM1-RS) can be considered an approvable primary outcome measure in clinical trials to develop a treatment for congenital myotonic dystrophy type 1 (CDM1). The CDM1-RS is the primary outcome measure in the REACH-CDM clinical trial of AMO Pharma's investigational therapy AMO-02 in treatment of congenital myotonic dystrophy. The company expects top-line data from the study in mid-2023.

Reaction Engines

Developer of engine technologies to enable space and hypersonic travel

Reaction Engines is pioneering space access and sustainable technologies. For over 30 years the company has been at the forefront of engineering innovation – including developing SABRE, a revolutionary new class of aerospace propulsion. SABRE enables Reaction Engines to go beyond the limits of flight both within and outside the atmosphere.

- During 2022, Reaction Engines announced the successful completion of the Foreign Comparative Testing (FCT) campaign of its revolutionary engine precooler heat exchanger at its Colorado high-temperature test facility. This programme was conducted in partnership with the US Department of Defence and US Air Force Research Laboratory (AFRL). This successful test greatly expanded the demonstrated capabilities of its precooler technology in accelerating turbine engine propulsion systems into high-Mach and hypersonic flight regimes.
- The company has been developing a variety of applied technologies from its core capabilities and during 2022 won the prestigious Don Burgoon Most Innovative New Motorsport Product of the Year Award at the World Motorsport Symposium. This was awarded for Reaction Engines innovative intercooler which is achieving higher performance at reduced mass and drag leading to faster lap times in motorsport.
- Post year-end Reaction Engines announced a £40m funding round, led by Strategic Development Fund (SDF), the investment arm of UAE's Tawazun Council. A number of existing investors also participated in the round which will be used to support further investment into its innovative technology development and to expand commercial applications.
- Reaction Engines has also recently announced that it has joined the Thermal Management for Hybrid Electric Regional Aircraft (TheMa4HERA) consortium which is researching and developing thermal management components and architectures for next-generation narrow body and reqional, hybrid electric aircraft. The pan-European consortium is led by Honeywell (NASDAQ: HON) and features the participation of 24 existing partners.

BenevolentAI

Healthcare technology company applying artificial intelligence for drug discovery and development

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

- Expanded collaboration with AstraZeneca to four disease areas, identifying five novel targets for their drug development portfolio.
- Completed Business Combination with Odyssey Acquisition S.A. on 22nd April 2022 raising gross proceeds of €225 million.
- As of December 2022, the business held sufficient cash on balance sheet to cover costs to Q4 2024, without including any future capital from licensing or collaboration agreements.
- Despite the post-listing lock-up expiring in mid-October 2022, the stock trades on very thin volumes.
- Since December 2022, in line with IPEV guidelines, the shares held in the Company have been valued at a discount to the listed price reflecting the absence of liquidity.
- In April 2023, BenevolentAI announced top-line results from its Phase IIa study of BEN-2293. This is a selective inhibitor formulated to be administered topically in patients with mild-to-moderate atopic dermatitis, a common skin condition that causes patches of skin that are itchy, cracked and sore. BEN-2293 was found to be safe and well tolerated, however it failed to reduce itch and inflammation. BenevolentAI is conducting a review of the full dataset to help guide further development for BEN-2293 and it will report the full results at a later date. The results of this clinical trial were not known as at 31 December 2022, therefore this information has not been factored into the valuation as of that date.

Schroders Capital's approach to sustainability

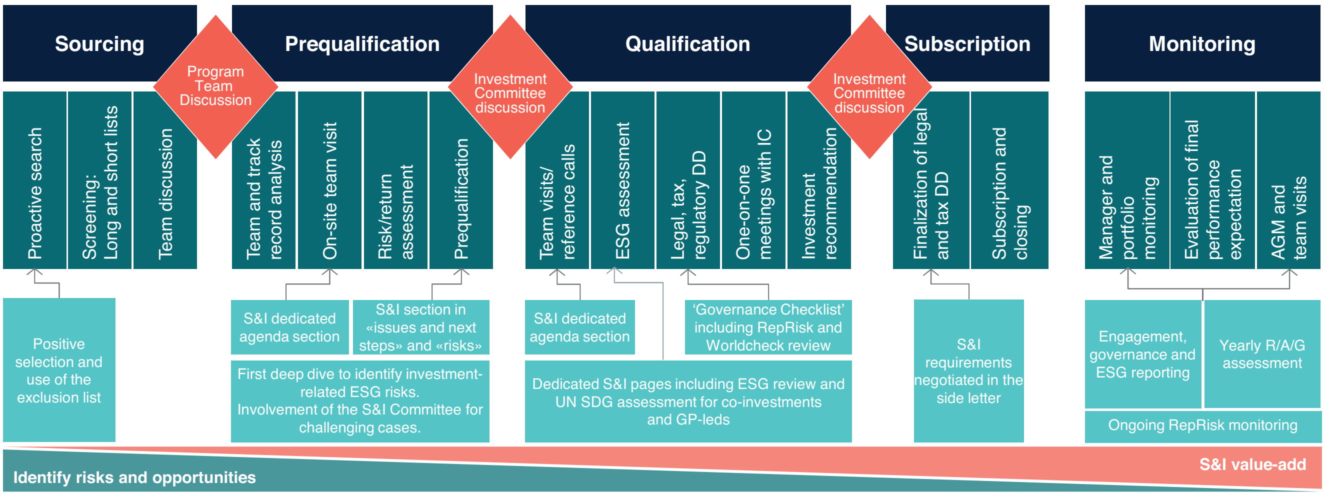
Introduction

At Schroders Capital, we adopt sustainability and impact (S&I) investing practices as an integral part of identifying, assessing and monitoring portfolio companies. We believe that sustainability enhances the long-term value of private equity investments and benefits all stakeholders including shareholders, employees, clients, and the communities in which we operate. Our commitment to sustainability applies to all private equity investments, including direct and indirect holdings, and the firms we partner with. Furthermore, we believe private equity investors are well positioned to adhere to responsible investing principles and drive positive change due to private equity's long-term orientation, ability to conduct extensive due diligence and the opportunity for private equity investors to make a strategic impact on their portfolio companies.

The Schroders Capital investment team pursues investments in leading, innovative businesses of the decades ahead, seeking out those companies that possess best-in-class products or services, with high disruption potential, poised for significant growth, and managed by world class management teams. Private equity investments are made either directly into the share capital of the target company, or as co-investments through a special purpose vehicle (SPV) created by another fund manager (/general partner). Many of the companies that Schroders Capital focuses on are commercialising research and innovation. It follows from this that we are looking for companies with valuable intellectual property that are able to drive significant revenue growth as their products are commercialised. Many of the companies that meet these criteria are engaged in the development of new technologies that have positive societal and environmental outcomes.

For all investments, Schroders Capital assesses sustainability factors at the pre-investment selection stage, at investment due diligence and during post-investment monitoring of investments. The process is based on three pillars: (1) identifying investment opportunities that will meet our return expectations through the active search for sustainability leaders (positive selection), (2) managing downside environmental, social and governance (ESG) related risks and exclusion of certain business activities and industries, and (3) actively seeking increased adoption of sustainable investment practices and standards among our portfolio companies through assessment, engagement, monitoring and reporting.

Sustainability and impact within Schroders Capital Private Equity's investment management process



Pre-investment screening considerations

Initial screening of investments involves an exclusion screen based on criteria that fundamentally conflict with Schroders Capital's S&I principles as defined in the Schroders Capital's Private Equity S&I Policy (see below overview of exclusion criteria). Adhering to the firm's values translates into avoiding investments with exposure to business practices that pose significant harm to the environment, contradict the importance of diversity, inclusion and human wellbeing, and follow governance practices with high conflicts of interest risk, that circumvent local legal and/or regulatory requirements or provide inadequate transparency.

Conversely, investments with strong sustainability positioning are viewed favourably. Schroders Capital believes that businesses with strong ESG credentials and/or UN Sustainable Development Goals (UN SDGs) alignment are well positioned to capitalize on sustainability as a global megatrend. We believe that sustainability is set to transform the market dynamics of various industries and that those companies with a leadership position should stand to benefit from slow moving competitors.

Schroders Capital's approach to sustainability

Firm exclusion criteria to build ESG-aligned portfolios[1]

Standard sustainability exclusions, thresholds and practices

Absolute Exclusions

Excluded activities	Exclusionary criteria
Illegal practices	Any activity deemed illegal under local country laws and regulations or international conventions
Controversial weapons	Production, financing or sale of controversial weapons including – Anti-personnel mines – Cluster munitions – Nuclear weapons – Bio & chemical weapons
Wildlife or conservation area destruction	Practices that endanger wildlife or high conservation areas
Labor	Child labour or forced labour
Prostitution	-
Discrimination	Racism, bigotry or any other sort of discrimination

Threshold Exclusions

Excluded activities	Exclusionary criteria
Production, financing or trade in weapons and munitions	More than 5% at a portfolio level or 10% of sales at a company level
Production, financing or sale of oil and gas, and fossil fuel fired thermal power facilities	
Mining or extraction of coal	
Tobacco products	
Pornography	
Usury or predatory lending	

Relative Exclusions

Excluded activities	Exclusionary criteria
Alcohol, gaming, gambling among others	Exposure to businesses or products with potential to generate addiction or foster illness or abuse need to be reviewed and approved on a case by case basis by the Sustainability & Impact Committee

Source: Schroders Capital, 2023.
[1]Exclusion list covers the exclusions listed in the Schroders Capital S&I policy and side letter for each private equity investment. Note there are a few mandates that have additional exclusions that are taken into account when that mandate is making an investment.

ESG due diligence checklist

As part of Schroders Capital's due diligence process for private equity investments, an ESG checklist is utilised, which is set out below. This checklist intends to help identify and assess ESG risks and opportunities material to an investment. Depending on the results, the investment team will conduct further diligence to get comfortable.

- ☑ Are any of the business activities on our **exclusion list**?
- ☑ Are there any other **ethical considerations** to be considered for this investment?
- ☑ Is the company involved in any **controversial business activities**? If so, what type? How is the company managing this?
- ☑ Is the company active in a **controversial industry**? If so, what type? How is the company managing this?
- ☑ Does the company have exposure to a **controversial supply chain**? If so, what type? How is the company managing this?
- ☑ Does the company have **controversial geographical exposure**? If so, what countries/regions? How is the company managing this?
- ☑ Has the company had any **ethical or ESG integration incidents** (e.g. accidents, spills, legal investigations) in past or ongoing? If so, what? How is the company managing this? (RepRisk and legal DD as main sources)
- ☑ Can you identify any **ESG integration risks in its business model** (e.g. accidents, lack of formal policies, lack of climate change considerations in a business model that is clearly exposed)?
- ☑ Can you identify any **ESG integration opportunities in its business model** (e.g. climate change adaptation or transition opportunities, leading responsible supply chain practices, growing share of revenues from sustainable products)?
- ☑ Is the company's business model clearly aligned to/able to support any **UN Sustainable Development Goal**?
- ☑ Would you consider this business model and **'impact' business model**? Why? How would you measure this?
- ☑ Does the company **report ESG KPIs**?
- ☑ Does the company have any **recognized corporate sustainability labels or ratings** (e.g. B-corp, Ecovadis, Apex ESG rating)? What is the score?

Source: Schroders Capital, 2023.

Schroders Capital's approach to sustainability

UN SDG alignment

Furthermore, we are continuing to develop our proactive approach towards SDG alignment for portfolio companies and intend to use the 17 goals and 169 targets to form the basis of further engagement. As part of this process, we will seek to provide input to, and expedite the adoption of, internal policies to ensure simultaneous contribution to the most relevant goals. We will also utilise the expertise of the Sustainability team at Schroders to enhance this engagement where we see opportunities to add further value. We believe that such an approach embodies the spirit of the SDGs, and goes beyond a pure asset allocation consideration, towards a value-added contribution.

Further ESG due diligence

Schroders Capital's approach to conducting ESG-related analysis of private companies is complemented with a standard exclusions list, more bespoke assessments, dedicated ESG reference calls, and by integrating several external tools and data sources, including RepRisk, World-Check, the ESG Data Convergence Project and eFront's ESG Outreach module to further assess ESG risks and opportunities.

Investment recommendation memorandums address the ESG assessment in detail, and this assessment is reviewed and taken into consideration by the Investment Committee in all investment decisions. Requests for additional information, deeper analysis of specific topics or benchmarking can be requested by Schroders Capital's Investment Committee or the S&I Committee.

Engagement

The Company's core investment team consists of six investment professionals, shown below. This core team draws on the extensive capabilities of the Schroders organisation more broadly, including Schroders Capital Private Equity's Sustainability Director, Amara Goeree, who works closely with the investment team on private company ESG integration and engagement.

Investment team

Tim Creed
Lead Portfolio Manager,
Head of Private Equity Investments

Harry Raikes
Co-Portfolio Manager

Erwin Boos
Senior Investment Director

Paul Lamacraft
Senior Investment Director

Vahit Alili
Investment Director

Chad Brokopp
Investment Manager,

Source: Schroders Capital, 2023.

The team engage with each of the Company's underlying portfolio companies, and/or with our investment partners for co-investments, on a regular basis. However, the frequency and depth of this engagement typically depends on a range of factors including shareholder rights, size of the position, risk profile, value creation potential and strength of the shareholder syndicate. As an example, for most private companies in the top 20 holdings where the Company's rights allow, the team will attend the company board meetings as an observer on the board. These meetings serve as an essential source of information about the progress of the business, but also present an opportune moment to support strategic planning and engage with the management team, board members and co-investors on sustainability-related topics. The below table offers an overview of the board rights across the Company's top 10 holdings.

Portfolio company	Engagement
Oxford Nanopore	Public company
Atom Bank	Board observer
AMO Pharma	Board observer
BenevolentAI	Public company (board observer prior to listing)
Federated Wireless	Board observer
Reaction Engines	Board observer
HP Environmental Technologies Fund	Limited Partner Advisory Committee (LPAC) member
Genomics	Board observer
Immunocore	Public company
Back Market	Co-investment – primary ESG assessment with Sprints Capital

Engagement

Engagements examples from 2022

Over 2022, we continued to actively engage with investee companies and our investment partners. We provide some of the key engagements we undertook over the year below.

Rutherford Health – continued attempts to preserve value for shareholders

Rutherford Health, a private oncology provider based in the UK, has been a portfolio company since 2015.

In June 2022, the Board of Directors of Rutherford Health resolved to take steps to wind-up the company.

Initial observations	- Following appointment as Portfolio Manager in 2019, the Schroders Capital investment team identified significant flaws in the expansion strategy pursued by the company in the initial development phase from 2015 to 2019
Actions taken	- The investment team lead the recruitment of a new leadership team, including Dr Mark Jackson and Interim CEO Sean Sullivan, who vigorously pursued multiple options to seek to preserve value for shareholders
Outcome	- Ultimately, the actions undertaken by the new leadership team could not correct the severe underlying challenges inherited which had resulted in an unsustainable funding need

Source: Schroders, 2022.
Companies shown are for illustrative purposes only.

Nexeon – engagement with the company to develop their ESG framework

Nexeon, a battery materials and manufacturing company with a unique silicon anode technology, has been a portfolio company since 2016.

The company's technology unlocks the potential of silicon to deliver increased capacity without compromising lithium-ion battery cycle life, providing lighter batteries with more power and longer lifetime between charges.

Initial observations	- The investment team engaged with Nexeon to help with the development of their ESG framework
Actions taken	- The investment team introduced the management team to the Schroders Sustainability team who provided specialist guidance and prepared a customised corporate sustainability blueprint report
Outcome	- The investment team continues to engage with the management team to ensure execution of initiatives recommended in the sustainability blueprint report

Source: Schroders, 2022.
Companies shown are for illustrative purposes only.

Engagement

Engagement with direct portfolio investment over potential fundraising risk

This engagement has been anonymized for the best interest of the portfolio company and shareholders in the Company

Initial observation/ conversation	- Following Russia's invasion of Ukraine in February 2022 concern began to grow regarding links with Russian investors
Actions taken	- The investment team assisted the CEO of a portfolio company to assess the profile of an investor on their share register - Conducted research using internal resources, Worldcheck and RepRisk, to provide our view on the situation
Outcome	- Our research indicated that the risk profile of the investor and the size of their ownership did not warrant undue concern - The company acknowledged that our research and know-how was very helpful in determining the required actions

Source: Schroders Capital, 2022.

Engagement with direct portfolio investment over increased diversity at the Board level

This engagement has been anonymized for the best interest of the portfolio company and shareholders in the Company

Initial observation/ conversation	- The investment team places great importance on promoting diversity within the management team and Board members of the Company's portfolio companies - Identified an opportunity to improve the diversity of the Board members of an existing portfolio company
Actions taken	- The investment team engaged with the CEO to recommended appropriate changes to the composition of the Board - Outlining that greater diversity in relation to gender and background would bring broader input and discussion to the board and management team, and that drawing on broader experience would bring additional value to strategic discussions
Outcome	- The company has acknowledged the need for great diversity and initiated a full board review - The investment team has recommended potential new Board members from our extended network to assist with the recruitment process

Source: Schroders Capital, 2022.

Engagement

Ada Health – engagement with the company to develop their client partnerships

ada

Ada Health, a digital health company, has been a portfolio company since 2021.

The company has developed a powerful AI-based health assessment and care navigation platform that helps users to understand their symptoms, to identify and differentiate conditions with a high degree of medical accuracy, and to navigate safely to the right care, at the right time.

Initial observations	- Ada Health targets partnerships with a wide range of potential clients, including healthcare systems, providers, payors and pharmaceutical companies - Meanwhile, Schroders Capital has a large investment portfolio of >6,000 companies on a direct and indirect basis
Actions taken	- The investment team screened their portfolio for companies that could benefit from a partnership with Ada Health and identified more than 10 potential introductions
Outcome	- Ada Health has several ongoing partnership discussions which the investment team are working to support

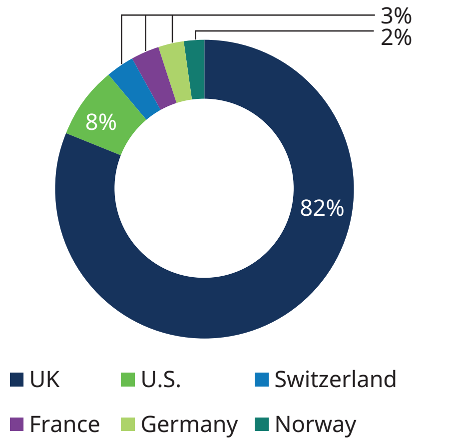
Source: Schroders, 2022.
Companies shown are for illustrative purposes only.

Investment Portfolio as at 31 December 2022

Portfolio composition

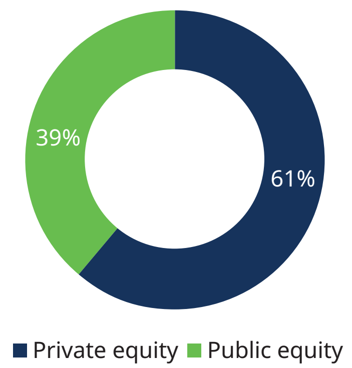
Portfolio by geography*

% of total investments



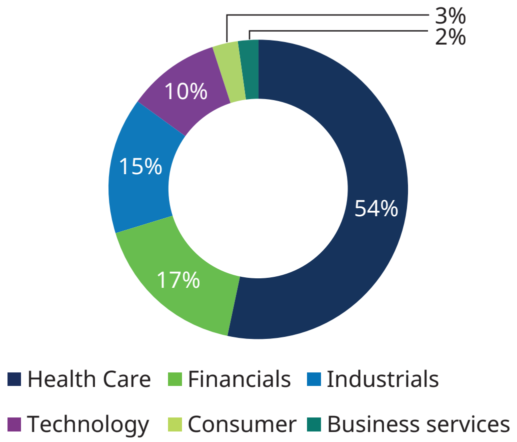
Portfolio by public equity and private equity

% of total investments



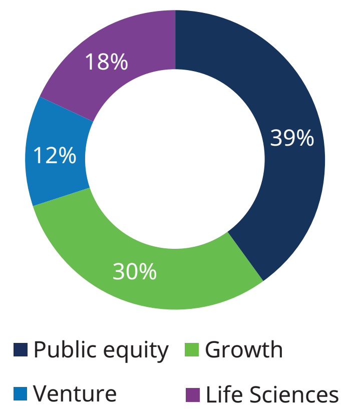
Portfolio by sector

% of total investments



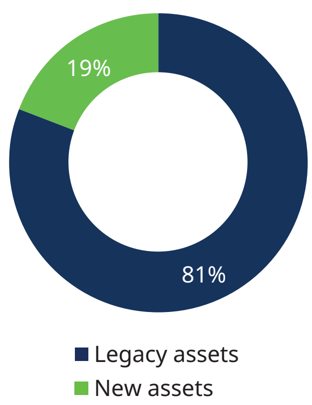
Portfolio by strategy/stage

% of total investments



Portfolio by legacy/new assets**

% of total investments



Source: Schroders. Figures have been rounded to nearest %.
*Based on country of risk.
** Legacy refers to assets acquired by the Company prior to Schroder Investment Management taking over management responsibilities in December 2019, "new" refers to those since.

Investment Portfolio as at 31 December 2022

The 20 largest investments account for 93.4% of total investments by value (31 December 2021: 93.6%).

Holding	Quoted/unquoted	Industry Sector	Fair value £'000	Total investments %
Oxford Nanopore[1]	Quoted	Health Care	56,529	23.3
Atom Bank[1]	Unquoted	Financials	31,686	13.1
AMO Pharma[1]	Unquoted	Health Care	16,408	6.8
Reaction Engines[1]	Unquoted	Industrials	12,500	5.2
BenevolentAI[1,2]	Quoted	Health Care	11,935	4.9
Federated Wireless[1]	Unquoted	Technology	11,227	4.6
HP Environmental Technologies Fund[1]	Unquoted	Industrials	10,700	4.4
Genomics[1]	Unquoted	Health Care	8,854	3.7
Immunocore[1]	Quoted	Health Care	7,855	3.3
Back Market[3]	Unquoted	Consumer	7,329	3.0
Ada Health	Unquoted	Health Care	7,122	2.9
Nexeon[1]	Unquoted	Industrials	6,505	2.7
Cequr[1]	Unquoted	Health Care	6,112	2.5
Revolut LLP	Unquoted	Financials	5,436	2.3
Spirent Communications	Quoted	Technology	5,146	2.1
OcuTerra[1]	Unquoted	Health Care	5,047	2.1
Johnson Matthey	Quoted	Industrials	4,215	1.7
Attest Technologies	Unquoted	Business Services	4,085	1.7
Tessian	Unquoted	Technology	3,928	1.6
IDEX Biometrics ASA[1]	Quoted	Technology	3,781	1.5
Petershill Partners	Quoted	Financials	3,439	1.4
Autolus Therapeutics[1]	Quoted	Health Care	2,642	1.1
Industrial Heat[1]	Unquoted	Industrials	2,214	0.9
Kymab[1]	Unquoted	Health Care	1,831	0.8
Epsilogen	Unquoted	Health Care	1,465	0.6
Araris Biotech	Unquoted	Health Care	1,348	0.6
A2 Biotherapeutics	Unquoted	Health Care	969	0.4
iOnctura	Unquoted	Health Care	697	0.3
Anthos Therapeutics	Unquoted	Health Care	582	0.2
Novabiotics[1]	Unquoted	Health Care	457	0.2
American Financial Exchange[1]	Unquoted	Financials	213	0.1
ARC Group[1]	Quoted	Business Services	104	–
Freevolt (formerly Drayson)[1]	Unquoted	Technology	85	–
Econic[1]	Unquoted	Industrials	58	–
Metaboards[1]	Unquoted	Technology	–	–
Rutherford Health[1]	Unquoted	Health Care	–	–
Mafic[1]	Unquoted	Industrials	–	–

Investment Portfolio as at 31 December 2022

Holding	Quoted/unquoted	Industry Sector	Fair value £'000	Total investments %
Bodle Technologies[1]	Unquoted	Technology	–	–
Origin[1]	Unquoted	Health Care	–	–
Spin Memory[1]	Unquoted	Technology	–	–
Lignia Wood[1]	Unquoted	Industrials	–	–
Mereo BioPharma Group[1]	Quoted	Health Care	–	–
EVOFEM Biosciences[1]	Unquoted	Health Care	–	–
Halosource[1]	Unquoted	Industrials	–	–
Kind Consumer[1]	Unquoted	Consumer Staples	–	–
Oxsybio[1]	Unquoted	Health Care	–	–
Total investments[4]			**242,504**	**100.0**

[1]Legacy Assets
These are "Legacy Assets", being assets acquired by the Company prior to Schroder Investment Management taking over management responsibilities in December 2019.

[2]BenevolentAI is quoted, but the market is inactive. Thus its valuation has been determined in accordance with the process followed for unquoted assets.

[3]Back Market
Held via the Company's holding in Sprints Capital Ellison LP, a single asset fund.

[4]Total investments comprise:

	£'000	%
Unquoted	146,858	60.6
Listed on the London Stock Exchange	69,329	28.6
Listed on a recognised stock exchange overseas	26,317	10.8
Total	**242,504**	**100.0**

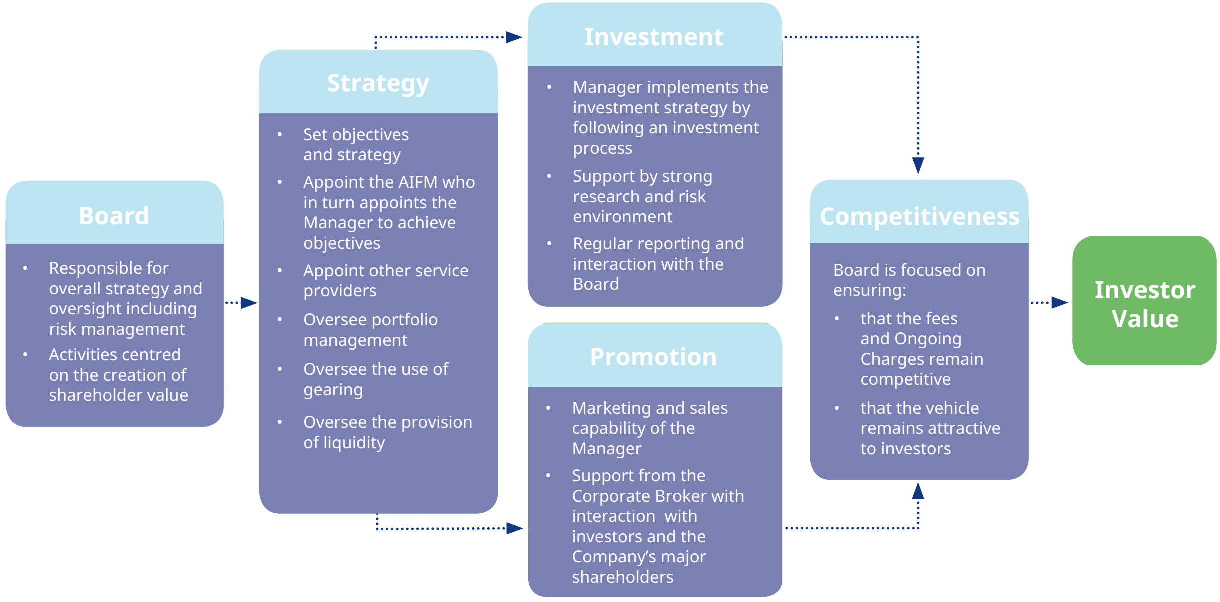
Additional details of unquoteds, including investments quoted in inactive markets, in the top ten holdings

Holding	Description of business	Cost £'000	Fair value £'000	Turnover for the latest audited financial year £'000	Pre-tax losses for the latest audited financial year £'000	Net assets/ (liabilities) at the latest audited balance sheet date £'000
Atom Bank	Leading UK app-only challenger bank	75,165	31,686	76,844	(14,466)	249,595
AMO Pharma	Developer of drugs to treat rare or orphan diseases	7,020	16,408	–	(8,696)	(12,162)
Reaction Engines	Developer of engine technologies to enable space and hypersonic travel	10,000	12,500	7,159	(21,626)	15,185
BenevolentAI	Drug discovery using artificial intelligence	84,882	11,935	10,560	(179,852)	153,999
Federated Wireless	Provider of a spectrum access controller for wireless communications	12,587	11,227	11,021	(27,668)	(2,182)
HP Environmental Technologies Fund	Portfolio of venture and growth-stage industrial companies	4,046	10,700	N/a[1]	N/a[1]	N/a[1]
Genomics	Developer of precision healthcare tools that use large-scale genetic information	6,512	8,854	2,542	(14,437)	30,335
Back Market	Expert refurbishment of electronic devices	10,032	7,329	N/a[1]	N/a[1]	N/a[1]

[1]Information not publicly available.

Strategic Review

The Strategic Review sets out the Company's strategy for delivering the investment objective (set out on the inside front cover and below), 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.



Purpose, Values and Culture

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

The Company's culture is driven by its values: Transparency, Engagement and Rigour, 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 also promotes the effective management or mitigation of the risks faced by the Company and, to the extent it does not conflict with the investment objective, aims to structure the Company's operations with regard to all its stakeholders and take account of the impact of the Company's operations on the environment and community.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfil the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

Strategy and Business model

From 1 October 2022, the Board has appointed Schroder Unit Trusts Limited (the "Manager") to implement the investment strategy and to manage the Company's assets in line with the appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, cash, derivatives and other financial instruments as appropriate. The terms of the appointment are described more completely in the Directors' Report including delegation to the Manager. The Manager also promotes the Company using its sales and marketing teams. The Board and the Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above. The investment and promotion processes set out in the above diagram are described in more detail below.

Investment objective

The investment objective of Schroder UK Public Private Trust plc ("SUPP or the Company") is to achieve long-term capital growth through investing in a diversified global portfolio of private and public equity companies.

Investment policy

The Manager employs a collaborative, team-based approach combining skills, experience and research resources across its public and private equity teams. It aims to identify private equity investments which demonstrate an optimal combination of fast -growing, high-quality companies with strong management teams and co-investors, and public companies with innovative business models, a focus on organic growth and high-quality management. The portfolio composition at any one time will reflect the opportunities available to the Manager, the performance of the underlying investee companies and the maturity of the portfolio. The Company's portfolio will typically consist of 30-80 holdings. The Company may become a significant shareholder in any of the underlying portfolio companies. While the intention is for public companies to represent not less than 20 per cent. of gross assets over the long-term, the actual exposure may vary from time to time reflecting the maturity of the portfolio and market environment at that time. The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and is not structured on the basis of country or sector weightings. The Company's portfolio will be diversified across a number of sectors and, while there are no specific limits placed on exposure to any one country or sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Investment restrictions

The Company is subject to the following investment restrictions:

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

Borrowing

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

Further details of the Company's management of gearing can be found in Principal Risks and Uncertainties on pages 37 to 43.

Hedging

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

Cash management

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

Key performance indicator

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

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

Investment philosophy and approach

The Manager aims to identify private equity investments globally that demonstrate an optimal combination of innovation, defensibility, fast growth, high calibre management teams and value-add co-investors. In short, the Manager is seeking out innovative companies with significant long-term growth prospects, wherever they are in the world. They believe that a combination of pioneering technology and strong management teams that are aligned with a stable, well-respected institutional shareholder base, provides the most innovative companies with the best opportunity to fulfil their potential and grow into the leading businesses of the future.

The Manager's long-term investment strategy is focused on pursuing opportunities in private companies across three sub- strategies: venture, growth and life sciences, which is illustrated in the below figure. Deals have been and are expected to be sourced both directly and as co-investments alongside some of the world's leading venture capital (VC) firms, thanks to Schroders Capital's more than 25-year history of investing in VC funds globally. By investing during some of the fastest growth phases of a company's development, they believe they can access higher potential returns. The Manager further believes that by investing at early stages of development and having the flexibility to hold public entities, the Company can capture the full spectrum of growth, regardless of a company's ownership structure.

Long-term private equity strategy comprised of three sub-strategies

Venture

- Investing across **Schroders Capital's five core sectors**
- Company will have **ability to rapidly scale towards 'Growth'**
- **Prudent reserving** with typical initial investments of ~£4m with 1:1 reserve ratio

~£8.0m per holding[1]

~20% of total investments

New portfolio holding examples:

Attest TESSIAN

Growth

- Investing across **Schroders Capital's five core sectors**
- Company **may progress towards an IPO within 1-3 years**
- **Prudent reserving** with typical initial investments of ~£10m with 1:0.5 reserve ratio

~£15m per holding[1]

~45% of total investments

New portfolio holding examples:

ada AgroStar BackMarket Revolut

Life Sciences

- Focused on **biotech and life science opportunities**
- Split into three sub-sectors: Diagnostics, Services and Therapeutics
- Either **clinical stage** or with visibility on IND (max 6 months)
- Clinical endpoint clearly defined and financed
- **Prudent reserving** (1:3 if preclinical, 1:2 if early clinical and no crossover, 1:1 if IPO visibility)

~£6.0m per holding[1]

~10% of total investments

New portfolio holding examples:

A2 BIO ANTHOS araris Epsilogen iOnctura

Remainder of total investments in public equities, predominantly IPOs from the private portfolio

Source: Schroders. [1]Total commitment per holding including reserves. Note: £m per holding and % of total investments are illustrative and not guaranteed.
Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. New portfolio holdings refer to those made since Schroders took over management of the Company

Schroders Capital's five core industry sectors

Private equity team specialised by industry sector, investing alongside specialist managers

Healthcare
Fragmented markets
Cost efficiency
Innovation

Technology
Disruptive technologies
Shift to the Cloud
Growing demand for data Innovation

Consumer
Rise of digital consumers
Omni-channel distribution
ESG influenced consumers

Services
Tech enablement
Asset light businesses
Evolving regulations

Industrials
Industrial innovation/automation
Internet of Things
Ownership transitions

Source: Schroders Capital, 2023.

The world around us is continually facing challenges, from global climate change to evolving regulations, from social, cultural and workplace shifts to emerging online threats. The Manager believes that innovation will be crucial to solving some of these challenges, and investors in innovative companies should benefit. Furthermore, innovation is accelerating globally and driving change across all sectors. The Manager applies a thematic lens based on long-term secular trends, focusing on eight key areas where they are uncovering, attractive, innovative business in which to invest, from artificial intelligence to biotechnology discovery platforms. These are illustrated in the below figure, which includes a selection of past and present Schroders Capital private equity investments (across co-investments, direct investments and on a look-through fund investment basis). They believe that investing in these areas, as well as other tech-enabled businesses, should provide investors with access to fast growing, high quality, innovative companies of the decades ahead that are not available solely through public markets.

Schroders Capital invests in 8 themes

Thematic approach based on identified long term trends

Artificial Intelligence
- Software using large language models
- Machine learning algorithms

Cybersecurity
- Prevention, remediation, and monitoring software

Fintech/Payments
- Processing & APIs
- Multi-channel and Point of Sale

Consumer
- Marketplaces
- On-demand and mobile-first

Infra software
- Data analytics
- Cloud computing
- Open source

Vertical SaaS
- Sector specialists
- Enterprise software platforms

Oncology
- Immuno-oncology
- Undruggable targets

Biotech discovery platforms
- Cell/gene therapies
- Small molecules

Source: Schroders Capital, 2023.
The logos and companies shown for illustrative purposes to show past and present Schroders investments (across co-investments, direct investments, and look through exposure), are the property of their respective entity and do not indicate any endorsement by, or with, Schroders. Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Schroders Capital, which comprises over 150 professionals committed to the private equity business worldwide, manages the portfolio. Schroders Capital's Private Equity team have been managing private equity on behalf of investors globally since 1997, and currently manage c.£14 billion of assets (as at 31 December 2022) providing investors with access to a broad range of private equity, including venture capital, growth and buyout investment opportunities, across a number of investment programs, including a successful, long-standing Global Innovation program. Schroders Capital has a long track record of investing in venture fund investments and has made numerous direct and co-investments to date, illustrated in the below figure.

SUPP builds on Schroders Capital's 25 year history of venture fund investing and 221 direct/co-investments

25 years of venture capital fund investing
- Strong aggregate pooled performance of 3.0x net TVPI and 26% net IRR since 2009[1]
- Global coverage with more than 50 of the leading venture capital firms
- Venture partners include Accel, A16z, Index, Lightspeed and Sequoia Capital
- Historic indirect company investments include:

Venture and growth direct/co-investments
- Realised track record of 2.6x net TVPI[2]
- Invested $693m in 89 investments with 19 realised or partially realised to date[2]
- These historic investments align with aspects of SUPP's overarching strategy
- Investing across **Schroders Capital's eight global innovation themes**

Completed 221 direct/co-investments globally
- Realised track record of 2.7x net TVPI and 26% net IRR[3]
- Completed 221 direct and co-investments with 58 realised or partially realised to date[3]
- Five industry teams: Technology, Healthcare, Consumer, Business Services and Industrials
- Broad geographical coverage across US, UK, Europe and Asia
- Investing across venture, growth and buyout

Past performance is not a guide to future performance.

Source: Schroders Capital, 2023.
Note: Companies shown include past and present investments where Schroders Capital has either direct or indirect exposure. Companies shown are for illustrative purposes only and do not represent any recommendation to buy or sell. Logos shown are the property of their respective entity.
[1]Pooled performance in $ of active Schroders Capital Global Innovation funds (Schroders Capital Private Equity Global Innovation VI–IX), representing vintages from 2009 to 2020. Net figures shown are as of Q3 2022 net of Schroders Capital fund fees and expenses, but before carried interest. All funds are net of underlying fund fees, expenses and carried interest.
[2]Performance is net of underlying fees and carried interest and gross of Schroders Capital fees and carried interest. Realised multiple is based on full realisations, partial realisations and IPOs as of 30 September 2022 (IPOs valued at last quarter end date), in $. The number of investments closed since 2013 as of Q3 2022.
[3]Performance is net of underlying fees and carry and gross of Schroders Capital fees and carried interest. Overall performance as of Q3 2022 in $. Realized IRR and multiple is based on full realizations, partially realizations and IPOs as of 30 September 2022 (IPOs valued at last quarter end date). The number of investments closed since 2013 is as of Q3 2022.
IRR = internal rate of return, which is a method of calculating an investment's rate of return. TVPI = total value to paid-in capital, which is a measure of performance relative to what was invested.

Lead Portfolio Manager, Tim Creed, is Head of Private Equity Investments and member of the private equity Global Investment Committee, which has worked together since 2006. Harry Raikes, who joined Schroders Capital in 2020, has been made Co-Portfolio Manager in view of the greater investment emphasis on private equity. Roger Doig will step away from the investment team. Harry has worked with Tim on the management of the trust since the early days of Schroders being appointed Portfolio Manager. Tim and Harry are supported by a global team of private equity investment professionals that operate in the world's key developed and emerging markets.

Investment process

Schroders Capital applies a thorough and disciplined due diligence process to seek to select the most attractive private equity investment opportunities. This process is based on extensive sector knowledge and specialization, ability to benchmark operational metrics with comparable businesses within existing portfolios and ability to extensively reference opportunities with a significant network within the private equity world.

Potential investment opportunities are vetted through a rigorous due diligence process, which is characterized by three main principles:

1. Broad, outbound sourcing efforts
2. Openness and interaction among deal teams, region/sector teams, and the Investment Committee
3. Unanimous decision making Schroders Capital's private equity investment process is illustrated below.

Schroders Capital investment process – Co-investments

Past performance is not a guide to future performance.
Source: Schroders Capital, 2023.

Sourcing

Private equity investments are made either directly into the share capital of the target company, or as co-investments through a special purpose vehicle (SPV) created by another fund manager/general partner. Identifying attractive private equity investments through proactive deal sourcing is key to successful private equity investing. Therefore, the investment team spends considerable time on this activity by mining the firm's substantial network of investment professionals and industry experts.

Schroders Capital sources opportunities from well-established and emerging managers globally with whom it usually has a strong, existing relationship. Schroders Capital's sourcing strategy has 4 mainstays:

1 Preferred co-investment partner of a significant number of high-quality GPs to whom Schroders Capital is an important LP

2 Generation of additional co-investment opportunities through an active dialogue with promising GPs with whom Schroders Capital doesn't have a primary investment relationship and capable deal-by-deal groups

3 Rigorous assessment of the fit of each deal to the GP's strategy and whether it is being offered for the 'right reason'

4 No fee/no carry (performance fee) or significantly discounted co-investments

Schroders Capital is well positioned to access a high quality deal flow as one of the largest limited partners in the majority of funds it invests in, and being on the advisory board of most of the funds where it is invested. Schroders Capital also maintains relationships with hundreds of fund managers and independent sponsors that view Schroders Capital as a potential future fund partner. These managers provide additional and sizeable deal flow. The investment team meets weekly to discuss new opportunities that may be appropriate for inclusion in the Company's pipeline and whether they should progress to pre-qualification stage.

Pre-qualification

Investment opportunities that enter the pre-qualification stage are assessed and vetted through a rigorous due diligence process. The due diligence process includes an assessment of the company's positioning, technology differentiation, market opportunity, competitive landscape, management execution and depth, strength of the existing financing syndicate and prospective financing needs. Due diligence is conducted on the basis of target company financial and management reports, audited accounts, third party commercial, financial, legal and tax due diligence reports, GP Investment Committee papers and financial models. Schroders Capital also endeavors to speak directly to the management team as part of the process.

The due diligence process is led by a Deal Team of two or more investment professionals. If the Deal Team wishes to pursue a transaction, they must also discuss it and seek approval from the wider region/segment team. Once the team agrees to pursue the opportunity, the deal is shared with the Global Investment Committee for preliminary discussion (Pre- qualification). The Global Investment Committee (the "IC") provides input and can progress or veto the opportunity. This investment committee, consisting of Tim Creed, Lee Gardella (Schroders Capital's Head of Investment Risk and Monitoring), Rainer Ender (Schroders Capital's Head of Private Equity) and Nils Rode (Schroders Capital's Chief Investment Officer), is required to approve new company investment proposals.

Qualification

Between the pre-qualification and the final Investment Committee recommendation, the Deal Team completes additional due diligence to address concerns and outstanding topics. This includes extensive referencing with industry experts and attending banking presentations if possible. The Deal Team also visits the company and spends time with the management team.

Additional ESG, legal and tax due diligence is also conducted.

The Deal Team discusses outstanding questions with the region/segment team, SUPP investment team and two of the four IC members separately. Following agreement of both teams and the IC, the investment recommendation is brought to the IC for final approval. The vote must be unanimous. In addition, each new investment needs to be approved by the portfolio managers who will have been involved in the assessment of the opportunity through each stage of the process via the weekly team meetings.

Key criteria for investment approval includes valuation, market positioning, competitive advantages, historical and future growth prospects, client or supplier concentration, quality of earnings, cash conversion, transaction structure and alignment of interests (with both the lead General Partner and management team). Additionally, assessing the fit of the General Partner as co-investor and ESG considerations also plays a role in investment decisions. Schroders Capital employs a proprietary risk/return assessment framework to score each opportunity across seven dimensions and identify the ones which offer the most attractive risk/return profiles.

Execution

Execution of transactions involves the finalization of all transaction documentation, a process which is generally initiated earlier in the due diligence process. The legal review and negotiation process is led by the Deal Team and supported by external legal and tax counsel. Transaction funding is executed by Schroders Capital's Fund Operations team, and requires fully agreed and executed legal documentation.

Monitoring

The Manager has established account management responsibilities for all private equity direct/co-investments. Account managers are responsible for monitoring performance development and further equity requirements. Post investment monitoring is underpinned by strong information and monitoring rights. The Manager secures access to management and management reports (typically receiving the same information as a lead investor would), and observer board seats whenever possible.

Progress is reviewed on a quarterly basis and discussed with the lead GP or management team during one-to-one meetings, calls, AGMs and advisory boards. Key metrics tracked include revenue, gross margin, earnings, net cash flow, enterprise value, valuation multiple, net debt, equity value as well as qualitative information and overall investment development. The results are used to forecast exit valuations, and aggregated to have up-to-date portfolio performance expectations.

Post investment management also involves active value creation. The Manager uses its global network to add value to direct/co-investments. This includes introductions to potential new customers, new suppliers, GPs in other geographies with similar portfolio companies, and potential buyers for the companies.

For legacy private portfolio company decisions the Investment Committee has delegated responsibility for approving proposals to a dedicated Investment Committee consisting of Tim Creed and Lee Gardella[1]. In addition, each proposal needs to be approved by the portfolio managers.

For the public equity portfolio, the portfolio managers are jointly responsible for decision-making.

The portfolio managers take a fundamental approach at all times, seeking businesses that they believe are set to deliver strong returns for the long-term. Furthermore, the portfolio managers have a keen focus on risk management, which forms an integral part of the investment process. The managers have a particular focus on the financing needs of the privately held companies, the liquidity profile of the publicly listed holdings, as well as stock and sector concentrations. The size of each holding will be determined on the basis of the portfolio managers' investment conviction alongside an assessment of the risks associated with it. Meanwhile, portfolio construction is supported by a robust system of risk controls, while proprietary risk tools help the Portfolio Manager and the Board to understand the factors contributing to risk as well as to avoid unintended risk. In order to add an extra layer of rigour to the investment management process, the portfolio managers are overseen by the Private Equity Risk and Performance Committee, which meets quarterly to discuss portfolio monitoring and key risks. This committee comprises Schroders Capital's Head of Investment Risk & Monitoring, Schroders' Head of Financial Risk Management, Schroders' Head of Investment Risk for PE & ILS, Schroders' Head of Product Governance and Schroders Capital's Head of Product Management. The portfolio management team is expected to provide the committee with explanations for current risk exposures, describe any future intended state and the pathway to

[1]These are "Legacy Assets", being assets acquired by the Company prior to Schroder Investment Management taking over management responsibilities in December 2019.

transition, outline current and future liquidity status, as well as discuss portfolio holding rationales.

The Manager adopts sustainability and impact investing practices as an integral part of identifying, assessing and monitoring portfolio companies. They believe that responsible investment enhances the long-term value of private equity investments and benefits all stakeholders including shareholders, employees, clients, and the communities in which they operate. Please refer to the Sustainability section for more information on how the Manager incorporates the assessment of sustainability factors into the investment process.

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.

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 Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website. The Board also seeks active engagement with investors, and meetings with the Chair are offered to investors when appropriate.

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/.

Relations with shareholders

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

In addition shareholders are invited to attend the AGM and hear a presentation by the Manager. The chairs of the Board, Committees and the other Directors attend the AGM and are available to respond to queries from shareholders.

Corporate and Social Responsibility

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

Diversity

As at 31 December 2022, the Board comprised four men and one woman. The Board has adopted a diversity and inclusion policy which seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Board recognises that its debates and decision-making are greatly enriched by a wider range of perspectives and thinking. The Board will encourage any recruitment agencies it engages to find a range of candidates that meet the objective criteria agreed for each appointment. Appointments will always be based on merit alone. Candidates for board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall board taking into account the criteria for the role being offered.

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly operates a financial crime policy (available on the Company's website), 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.

Modern Slavery Act 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Greenhouse gas emissions and energy usage

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

Stakeholder Engagement: Section 172 of the Companies Act 2006

During the year 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 all stakeholders. As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Manager, other service providers, the Investee companies and the Company's Lender. The table below explains how the Directors have engaged with all stakeholders and outlines key activities undertaken and decisions made by the Board during the year.

Stakeholder	Why they are important	Engagement	2022 Highlights
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the business and the delivery of the long-term strategy of its business	– **Annual General Meeting (AGM):** The Company welcomes attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and the Manager and ask questions at the AGM. The Board values the feedback it receives from shareholders which is incorporated into Board discussions.	The AGM was held in person in 2022 and questions and feedback from shareholders were welcomed. The Board, along with the Manager, look forward to meeting and interacting with more shareholders at the forthcoming AGM in June 2023.
		– **Publications:** The annual and interim results presentations, as well as quarterly reports and factsheets, are available on the Company's webpage with their availability announced via the stock exchange. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. – **Shareholder communication:** The Manager communicates with shareholders periodically. All investors are offered the opportunity to meet the Chair, Senior Independent Director, or other Board members without using the Manager or Company Secretary as a conduit, by writing to the Company's registered office. The Board also corresponds with shareholders by letter and email. The Board receives regular feedback from its broker on investor engagement and sentiment. – **Investor Relations updates:** At every Board meeting, 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. To gain a deeper understanding of the views of its shareholders and potential investors, the Manager also undertake Investor Roadshows following publications of results and an annual Capital Markets event. – **Working with external partners:** 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 Company's webpages have been refreshed and enhanced during the year to optimise the user experience for shareholders and investors. The newsletter has also been updated for professional and retail subscribers. The Chair of the Board met with its major shareholders and their views were taken on board. The Manager engaged with several major shareholders and investors during the year. The Board has instigated a promotional campaign, which is underway, in respect of the Company's change of name and investment objective and policy. The Board continues to work with Kepler on promoting the Company through its research notes which are published twice a year.

Stakeholder Engagement: Section 172 of the Companies Act 2006

Stakeholder	Why they are important	Engagement	2022 Highlights
The Manager	Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to the Company's diversified portfolio of public and private equity investments. The Manager's performance is critical for the Company to deliver its investment strategy successfully and meet its objective to achieve long-term capital growth through investing in a diversified portfolio of public and private equity companies.	Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Manager both aim to continue to achieve consistent, long-term returns in line with the investment objective. The Board invites the Manager to attend all Board and certain Committee meetings in order to update the Directors on the performance of the investments and the implementation of the investment strategy and objective. Important components in the collaboration with the Manager are: – Encouraging open discussion with the Manager. – Recognising that the interests of shareholders and the Manager (as well as of its other clients) are, for the most part, well aligned, adopting a tone of constructive challenge, balanced when those interests are not fully congruent by robust negotiation of the Manager's terms of engagement. – Drawing on Directors' individual experience to support the Manager in its monitoring and change management of portfolio companies, for the benefit of all of the Manager's clients.	The Board agreed to put to shareholders a change to its investment objective and investment policy to enable the Manager to invest in the best companies across the world. Five of the new investments made in 2022, across growth and life sciences strategies, are headquartered in Continental Europe or the US.
Investee companies	The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager.	In order to achieve this, the Manager adopts sustainability and impact (S&I) investing practices as an integral part of identifying, assessing and monitoring portfolio companies. The commitment to sustainability applies to all private equity investments, including direct and indirect holdings, and the firms the Manager partners with. Furthermore, the Manager believes private equity investors are well positioned to adhere to responsible investing principles and drive positive change due to private equity's long-term orientation, ability to conduct extensive due diligence and the opportunity for private equity investors to make a strategic impact on their portfolio companies.	The Board received regular updates on engagement with investee companies at its Board meetings. For most private companies in the top 20 holdings where the Company's share rights allow, the Manager will attend the investee company board meetings as an observer on the board. These meetings serve as an essential source of information about the progress of the business, but also present an opportune moment to support strategic planning and engage with the management team, board members and co-investors on sustainability-related topics.

Stakeholder Engagement: Section 172 of the Companies Act 2006

Stakeholder	Why they are important	Engagement	2022 Highlights
Wider society and the Environment	Whilst strong long-term investment performance is essential for an investment trust, the Board recognises that to provide an investment vehicle that is sustainable over the long-term, both it and the Manager must have regard to ethical and environmental issues that impact society. Hence environmental, social and governance ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve.	The Board engages with the Manager at each Board meeting in respect of its ESG considerations on existing and new investments. The Manager also spends time explaining its approach to ESG to the Board once a year.	The Board's desire for greater engagement reporting has resulted in enhanced disclosures this year with more case studies. Further details of the Manager's integrated approach to ESG and engagement can be found in the Sustainability section.
Service Providers	In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of advisers to support meeting all relevant obligations.	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 year, under delegated authority from the Board, the Management Engagement Committee continued to undertake reviews of the third-party service providers and agreed changes to the AIFM, Depositary and Administrator with effect from 1 October 2022, as detailed in the Directors' Report. Post year-end, the Board initiated the change of its auditor and registrar and both changes will become effective in June 2023. The Board considers the new appointments to be in the best interests of the Company and its shareholders and will monitor their progress in the year ahead.
Lenders	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	Considering how important the availability of funding is, the Company aims to demonstrate to lenders that it is a well-managed business and, in particular, that the Board focuses regularly and carefully on the management of risk. The Manager manages the relationship with the Company's lender and reports to the Board at each meeting and as and when required for renewals of terms or negotiation of loan covenants. The Manager provides a monthly statement of compliance of the loan covenants to the lender.	During the year, the Board reviewed the gearing with the Manager and the loan facility was repaid in full and undrawn at the year end. The loan facility expired on 30 January 2023 and was not replaced.

Principal risks and uncertainties

The Board, through its delegation to the Audit, Risk and Valuation Committee, 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, Risk and Valuation 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 uncertainties and the monitoring system are also subject to robust assessment at least annually. The last assessment took place in March 2023.

During the year, the Board also discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Manager, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful of the following emerging risks during the year; the ongoing conflict in Ukraine, rising inflation, the threat of a global recession and increasing energy prices although they are not factors which explicitly impacted the Company's performance. These risks are also not seen as new principal or emerging risks but those that exacerbate existing risks and have been incorporated in the economic and market risk section in the table below.

A significant control failing or weakness relating to the production of the daily NAV was identified from the Audit, Risk and Valuation Committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. However, the Committee is confident that with the change of AIFM, Depositary and Administrator these failings have been robustly addressed and mitigated. The Board is therefore satisfied that it has undertaken a detailed review of the risks facing the Company.

Climate change risk includes how climate change could affect the Company's investments, and potentially shareholder returns. The Board has determined that this risk was not sufficiently material to be categorised as an independent principal risk and it continues to monitor developments in this area. The Board notes the Manager integrates ESG considerations, including climate change, into the investment process and felt that due to the nature of ESG risk in private investee companies, that this be added to the principal risks table below. The Manager has provided new and enhanced ESG reporting this year which includes case studies of engagement with a sample of the Company's portfolio companies.

Although the Board believes that it has a robust framework of internal control 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 emerging and principal risks and uncertainties are set out in the table below.

The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased, decreased or unchanged.

Risk	Mitigation	Change
Economic and market risk The portfolio will normally be fairly fully invested and as such will therefore inevitably be exposed to economic and market risk. Changes in general economic and market conditions, such as currency exchange rates, interest rates, inflation rates, industry conditions, tax laws, political events and trends can substantially and adversely affect the value of investments. Market risk includes the potential impact of events which are outside the Company's control, such as pandemics, civil unrest and wars. The Company invests in public and private equity companies with an expectation of a an allocation to public:private of 25:75 per cent of companies held in the portfolio over time. Most public company holdings will likely be a consequence of private holdings which have listed following an IPO. Private equity companies generally have greater valuation uncertainties and liquidity risks than public equity holdings.	There are inherent risks involved in stock selection. The Manager is experienced and has a long track record in successfully investing in public and private equity holdings. Significant progress has been made on transitioning the portfolio towards a more balanced and differentiated spread of exposures across healthcare, technology, financials, industrials, consumer and business services. Investment risk is spread by investing in high quality companies at various stages of their development. Having the flexibility to continue to hold these investments as they transition to public entities taps into the growth potential of businesses throughout their life cycle. The change to a global mandate also allows the Manager to diversify the portfolio geographically and also potentially across a wider range of technologies and thus mitigate against challenging economic conditions of a single market or sector. The Manager will not normally hedge against foreign currency movements, but does take into account the risk when making investment decisions. Further details on financial risks and risk mitigation are detailed in note 20 to the accounts.	⇧ The increased risk reflects continuing geopolitical concerns following the ongoing war in Ukraine as well as higher inflation, interest rate rises and the ongoing economic impact of these. Foreign currency risk exposure has also increased. The Board continues to monitor these events on a regular basis.

Principal risks and uncertainties

Risk	Mitigation	Change
Strategy risk Notwithstanding the Manager's very experienced team and successful long-term track record in this asset class, this trust and other similar trusts across the sector are all trading at very wide discounts. While this may reflect in part uncertainty about valuations and/or current market circumstances, it may be that some investors begin to lose interest in listed closed end private equity as an asset class.	The Board receives regular reports on the Company's investment performance against its stated objectives and peer group along with reports from discussions with its brokers and major shareholders. The Board also receives regular reports on marketing activity including how the Manager is promoting the asset class and its opportunities, the profile of the Manager and its track record and the need for a longer term investment perspective.	⇧ The increased risk reflects the discount widening in 2022. Following agreement with its major shareholder, the Board intends, subject to cancellation of the Company's share premium account, to make an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager* received between now and the 2025 Annual General Meeting available to be redeployed to make share repurchases by the Company. A continuation vote will be held at the 2025 AGM which will provide shareholders with the opportunity to vote on whether the Company should continue in its present form. The Board acknowledges that it is not possible to accurately forecast realisations between now and 2025. In order to ensure that the Company remains active in buying back its stock, the Board intends, subject to cancellation of the Company's share premium account, to purchase shares equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024. Further details can be found in the Chair's Statement on pages 4 to 6.

*These are "Legacy Assets", being assets acquired by the Company prior to Schroder Investment Management taking over management responsibilities in December 2019. These assets are shown in the Investment Portfolio section on pages 24 to 26.

Principal risks and uncertainties

Risk	Mitigation	Change
Valuation risk The valuation of private equity early stage companies is inherently difficult. Valuation at a fixed point in time may not be representative of the medium or longer term. Particular events at a company or particular funding rounds may have a significant impact. Information may not be as widely available as with public companies and these companies may not yet have meaningful revenues or profits. Considerable uncertainty may exist around the eventual feasibility and value of a particular technology or its commercialisation. Where other portfolio managers seek to make disposals of securities held in portfolios they manage and these securities are also held by the Company, the valuation of these securities may thereby be affected. Equally, market anticipation of these disposals may also impact valuations. Listed, but thinly traded, shares may also be subject to significant and abrupt volatility.	The Manager, under delegated authority from the Board, has responsibility for the valuation of the assets in the portfolio. The Manager, in turn, uses extensive research and input from its own valuation specialist provider, IHSMarkit (part of S&P Global). IHSMarkit conducts a regular rolling review of the valuation of all portfolio assets and also review their valuations in the event of any significant triggers at individual investee companies. They follow the widely respected and widely followed IPEVCV guidelines in executing these valuations; these processes are explained in Note 1b in the notes to the Accounts.	⇧ During periods of higher interest rate volatility, valuations risk can rise.
Operational risk The Company has no employees and the Directors have been appointed on a nonexecutive basis. The Company is reliant upon the performance of third-party service providers for its executive function. The AIFM, the Manager, the Depositary, the Company Secretary and the Administrator will be performing services that are integral to the operation of the Company. Failure of any of its third-party service providers to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Company. Furthermore, any of the Company's service providers could terminate their contract. Equally, the Company's reputation could be affected by shortcomings at one of its providers in respect of dealing with the providers' other clients or regulatory failings	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 AIFM, Depositary and Administrator have changed during the year, as described in more detail in the Directors' Report. The Board believes the new arrangements should ensure an integrated support structure and mitigate operational risks. The Audit, Risk and Valuation Committee reviews reports on the external audits of the internal controls operated by certain of the key service providers.	⬄ As part of the change of the AIFM, Depositary and Administrator, the Board have seen a significant improvement in the processes and procedures in place. The Board will continue to monitor the performance of the new service providers during the course of this year and expects the level of this risk to decrease significantly once the new providers have been in place for a period of time. As noted in the Chair's Statement on page 5, although the Company had a share premium account of £891 million at the time of the 2022 and 2023 share buybacks, as that had not been cancelled at the time, the Company did not have sufficient distributable profits and so those buybacks did not comply with the requirements of the Companies Act 2006. The Board has been working with its service providers to determine how this technical issue arose and to implement the necessary steps to remediate the position.

Principal risks and uncertainties

Risk	Mitigation	Change
Portfolio concentration risk Some of the Company's investments have demonstrated relatively more success and/or required more funding than others, which has led to those investments representing larger proportions of the portfolio than might be expected. The risk linked to any portfolio concentration might be compounded due to the nature of some of the businesses and the risks associated with both commercial and technical milestones.	The Board and the Manager feel that undue concentration is not desirable in the longer term and continuously explore options to reduce this over time. However, the Board's view is in the shorter term, portfolio concentration can be acceptable. The Manager has an extensive track record of managing diversified portfolios, both from sector and geographic perspectives, and the work to rebalance the portfolio continues. The Board also considers increased specific risk that may arise from increased concentration, as the result of the relative success of certain investee companies. The Board discusses this risk with the Manager on a regular basis.	⇩ Significant progress has been made on transitioning the portfolio towards a more balanced spread of exposures across healthcare, technology, financials, industrials, consumer and business services. At the year end the spread across these sectors was healthcare (53.5%), financials (16.8%), industrials (15.0%), technology (10.0%), consumer (3.0%) and business services (1.7%).
Performance risk There is always, for any investment portfolio, the generic risk of poor performance arising as a result of poor decisions in stock selection made by the Manager. In addition, given the long-term nature of this investment strategy (up to 10 years) and the absence of a clear benchmark, it is not necessarily easy to make an evaluation of the Manager based simply on returns over shorter periods.	This risk is mitigated by the Board monitoring the performance of the portfolio and the decisions made by the Manager through detailed reporting at each Board meeting. The Audit, Risk and Valuation Committee reviews all private equity investments on a quarterly basis and challenges methodologies used by the Manager.	⇔
Liquidity risk Following the expiry of the loan facility in January 2023, liquidity risk, ie that the Company may not be able to liquidate its investments to meet its short-term financial demands.	The Company's assets include readily realisable securities which can be sold to meet ongoing funding requirements. The Manager manages its liquid investments to ensure that sufficient cash is available to meet contractual commitments. A cash buffer is also held to meet other short-term needs. The Company had cash of 16.1 million (2021: 19.1 million) as at 31 December 2022.	⇔ The loan was repaid and not replaced.

Principal risks and uncertainties

Risk	Mitigation	Change
Investee company specific risk The Company invests in a variety of biopharma and technology businesses, many of them relatively early stage, where the technology is not yet fully proven or commercialised. This can offer very significant financial success when the technology delivers but also carries downside risks particular to the companies concerned. The eventual outcome for some of these companies may be somewhat binary in as much as either the technology works, or it does not, resulting in the company concerned becoming worth significantly less. Failure may materialise, for instance, in the case of clinical trials for a biotechnology business, in the case of scaling up or commercialisation of an engineering business or in terms of the appearance of a new, previously unknown competitor for a software company. Leading edge commercial scientific development in many fields is by its nature risky. Short term liquidity issues can become compounded by market events.	The private equity strategy is comprised of three sub-strategies of which the Life Sciences portfolio is limited to approximately 10% of total investments. Within the portfolio, the Manager works towards a balanced and differentiated spread of exposures across Diagnostics, Services and Therapeutics. The Manager conducts regular reviews of these businesses through engaging regularly with all investee companies to monitor progress and ensure milestones are adequately met. The Manager also carries out due diligence on the relevant technologies and obtain regular updates. The Manager uses its own proprietary analytics to assess the prospects for investee companies and may also seek expert third party opinions regarding the likely success of the technology. The Manager works with other shareholders of a particular investee company to assist with financial support where required. Short term liquidity issues are mitigated over time when such companies deliver on their milestones and value is recognised.	⇔
Information technology and information security risk Each of the Company's service providers is at risk of cyber attack, data theft, service disruption, etc. While the risk of financial loss by the Company is probably small, the risk of reputational damage and the risk of loss of control of sensitive information is more significant, for instance a GDPR breach. Many of the Company's service providers and the Board often have sensitive information regarding transactions or pricing and information regarded as inside information in regulatory terms. Data theft or data corruption per se is regarded as a lower order risk as relevant data is held in multiple locations.	The Board receives controls reports from its service providers which describe the protective measures they take as well as their business recovery plans. In addition, the Board received presentations from the Manager on cyber risk.	⇔

Strategic Report

Principal risks and uncertainties

Risk	Mitigation	Change
Key Person Dependency risk The Manager operates a team approach to portfolio management and decision making so the risk arising from the departure of one or more of the Manager's key investment professionals should not necessarily prevent the Company from achieving its investment objective. The Manager's resources could become stretched through the launch of new products or team departures leading to a lack of focus on the Company's portfolio. The Manager could terminate its contract with the Company. This event would have an impact on the management of the portfolio and would constitute a technical default on the debt facility, requiring renegotiation or substitution, likely on less favourable terms.	The Manager has a compensation and incentive scheme to recruit and retain key staff including the Portfolio Managers, and has developed a suitable succession planning programme, which seeks to ease the impact that additional workload and/or the loss of a key investment professional may have on the Company's performance. The Manager will notify any change in its key professionals to the Board at the earliest possible opportunity and the Board will be made aware of all efforts made to fill a vacancy. Furthermore, investment decisions are made by a team of professionals, mitigating the impact of the loss of any key professional within the Manager's organisation on the Company's performance. The AIFM agreement includes clauses which set out the notice periods for termination from either party as detailed in the Directors' Report on page 47.	⇔
Environmental, Social and Governance (ESG) risk Failure by the Manager to identify potential future ESG matters in an investee company, given their private nature, could lead to the Company's shares being less attractive to investors as well as potential valuation issues in the underlying investee company.	The Manager has an application process integrated into the investment process. The approach to conducting ESG-related analysis of private companies is complemented with a standard exclusions list, more bespoke assessments, dedicated ESG reference calls, and by integrating several external tools and data sources, including RepRisk, World-Check, the ESG Data Convergence Project and eFront's ESG Outreach module to further assess ESG risks and opportunities. This includes the risk inherent in climate change.	⇔ The Manager has provided new and enhanced ESG reporting which includes its approach to ESG and case studies of engagement with a sample of the Company's portfolio companies.

Risk assessment and internal controls review by the Board

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

Principal risks and uncertainties

Going Concern

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

The Company's £40 million loan facility with The Northern Trust Company terminated on 30 January 2023 and was not renewed. The facility was undrawn at that date.

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

Viability Statement

The Board has assessed the prospects of the Company over the five-year period ending 31 December 2027. The Board considers a five-year period to be appropriate because it is the minimum holding period that it would recommend to a prospective investor considering purchasing shares in the Company.

The Board has considered the principal risks set out on pages 37 to 43 and detailed cash flow forecasts prepared by the Manager and stress case scenarios.

The Board believes that the portfolio will provide shareholders with satisfactory returns from the investment portfolio over a five-year period and, notwithstanding the Strategy risks mentioned in the principal risks and uncertainties section, there should be continued demand for the Company's shares.

The continuation of the Company will be subject to the approval of shareholders at the 2025 AGM. The Board intends to make subject to cancellation of the Company's share premium account, an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager received between now and the 2025 Annual General Meeting available to be redeployed to make share repurchases by the Company. The Board acknowledges that it is not possible to accurately forecast realisations between now and 2025. In order to ensure that the Company remains active in buying back its stock, the Company intends in any event, subject to cancellation of the Company's share premium account, to purchase shares equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024. The Board believes the Manager is well placed to deliver on these proposals, generate long-term capital growth and have no reason to believe that the continuation vote will not be approved in 2025.

Having considered all of the Company's resources, strategy, risks and probabilities, the Board has a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due, during the five year period to 31 December 2027.

By order of the Board

Schroder Investment Management Limited
Company Secretary

14 April 2023

Board of Directors

Tim Edwards

Status: independent non-executive Chair

Length of service: Two years – appointed a Director on 26 February 2021
Experience: Tim is a Chartered Accountant with a background in corporate finance and venture investing. Previously, Tim was a member of the governing Board of InnovateUK, the UK's innovation agency, a director of the UK Cell and Gene Therapy Catapult and chair of the UK BioIndustry Association. Tim is currently chairman of Storm Therapeutics Limited, EndLyz Therapeutics Inc., and Senior Independent Director of Record plc, and a director of AstronauTX Limited. Tim has expertise in evaluating, fund-raising, managing and exiting private life science companies, with years working as a Chair. Tim's extensive operational and strategic experience enables him to facilitate Board discussions and prioritize strategic decisions.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £49,752 per annum[1]
Number of shares held: 210,230[2]

Raymond Abbott

Status: independent non-executive Director

Length of service: Three years – appointed a Director on 1 October 2019
Experience: Raymond is currently the chairman of Foresight Enterprise VCT plc, Integrated Environmental Solutions Ltd and chair of the advisory panel for the North East Fund. Raymond is an accountant by background, beginning his career at KPMG before pursuing a career in venture capital and private equity, latterly as managing director for Alliance Trust Equity Partners. Raymond is a graduate of the University of Edinburgh. Raymond has extensive experience in private equity with a strong background as a non-executive director in varied investment trusts. He brings valuable knowledge to the Board in the management of private equity investments and investment vehicle strategies.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £32,137 per annum[1]
Number of shares held: 100,000[2]

Scott Brown

Status: independent non-executive Director

Length of service: Eight years – appointed a Director on 13 February 2015
Experience: Scott is chief executive of Nexeon Limited, an Imperial College spin-out focused on developing silicon anode technology for next generation Li-ion battery technology. During his tenure, he has led the change in the company's strategy to successfully move from an IP licensing business model to one of material production and supply. Previously, Scott was executive vice president at Cambridge Display Technology (CDT), responsible for commercial and IP activities of the company. Prior to CDT, Scott was global R&D director for the electronic materials business at Dow Corning (now a wholly-owned subsidiary of Dow Chemical), a US-headquartered multinational corporation with over US$6bn in annual revenues. Scott holds a PhD in Chemistry, an MBA and is a Fellow of the Royal Society of Chemistry. Scott's background in materials science and chemistry and his experience as CEO of an advanced technology business enables him to contribute to key investment decisions as well as bring operational and strategic knowledge to the Board.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees
Current remuneration: £32,137 per annum[1]
Number of shares held: 78,269[2]

Board of Directors

Stephen Cohen

Status: independent non-executive Director

Length of service: Three years – appointed a Director on 28 June 2019
Experience: Stephen spent the bulk of his career at Mercury Asset Management where he led both investment teams and business units. He has been actively involved with open-end and closed-end funds, in multiple jurisdictions, for over 30 years. He is currently the chair of the audit committee at JPMorgan Japanese Investment Trust plc. Stephen is also a Commissioner at the Gambling Commission and at the Civil Service Commission and a director of the Advanced Research Invention Agency. Stephen is a graduate of the University of Oxford. Stephen is an experienced Board member with a strong history in business development and fund management as well as personal VC and tech investing. His experience in sales and marketing and close interest in ESG issues contributes to the Company's long-term sustainable success.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees (Chair of Audit, Risk and Valuation Committee)
Current remuneration: £42,849 per annum[1]
Number of shares held: 309,737[2]

Jane Tufnell

Status: senior independent non-executive Director

Length of service: Three years – appointed a Director on 2 September 2019
Experience: Jane spent the majority of her career at Ruffer Investment Management, which she co-founded in 1994 and where she worked until 2015. She is currently chair of Odyssean Investment Trust PLC and ICG Enterprise Trust PLC. Jane is a graduate of the University of Cambridge. Jane's long standing experience in the wealth management sector is extremely valuable to the Board. Her experience as a non-executive director on other boards means she is well placed to bring good business insight and market experience to the Board in order to drive the business forward.
Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees (Chair of Management Engagement and Nomination and Remuneration Committees)
Current remuneration: £37,493 per annum[1]
Number of shares held: 500,000[2]

Governance

[1]Current remuneration effective from 1 January 2023.
[2]Shareholdings are as at 14 April 2023, full details of Directors' shareholdings are set out in the Remuneration Report on page 59.

Directors' Report

The Directors submit their report and accounts of the Company for the year ended 31 December 2022.

Directors and officers

Chair

The Chair of the Board is Tim Edwards. He 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 Chair's other significant commitments are detailed on page 44. He has no conflicting relationships.

Senior Independent Director ("SID")

Jane Tufnell is the Board's Senior Independent Director (SID) and has held this position since 13 October 2019. She acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair by the independent Directors.

Company Secretary

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

Role and Operation of the Board

Under the leadership of the Chair, the Board of Directors is collectively responsible for the long-term success of the Company. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Strategic Report on pages 2 to 43 sets out further detail on the Company's strategy and future developments, and also includes other information required to be included in the Directors' Report, which is incorporated by reference.

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

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

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

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

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

Conflicts of Interest

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

Evaluation of the Board and its Committees

During the year an external appraisal of the Board and its Committees was undertaken by Board Level Partners, an external evaluator which has no other connections with the Company or individual Directors. The process included confidential unattributable one-to-one interviews between the external evaluator and each Director, key members of the Manager's team, and representatives from other key service providers. The appraisal of the Chair of the Board was covered as part of the process and led separately by the Senior Independent Director. The findings of the external evaluation were discussed with the Chair of the Board and were reviewed by the Board in October 2022.

Progress in achieving the priorities and critical success factors identified and considered in previous annual board appraisals were reviewed as part of the process. Since 2019, when Schroders was appointed as investment manager and the Company renamed, the Board has successfully addressed critical strategic issues. These included a major board refreshment programme (including a change of chair of the Board), the repayment of outstanding bank loans, the introduction of share buybacks on an ad hoc basis, and the replacement of its Alternative Investment Fund Manager. In addition, the Board reviewed and changed the Company's investment objective and policy and operated effectively, despite disruption related to Covid-19.

Directors' Report

The detailed board review did not highlight any material weaknesses or concerns, but it did identify some areas for focus in 2023 and beyond. These include the conclusion of the ongoing work to enhance the efficiency and effectiveness of Schroders' non-investment services; continued Board refreshment to address the planned departure of long-serving Directors; further strengthening of the Company's marketing, investor relations and distribution activities, and continued work on deepening the Board's relationship with the Manager.

The appraisal concluded that the Board oversees the management of the Company effectively and has the skills and expertise to safeguard shareholders' interests. All Directors continue to demonstrate commitment to their roles, and, drawing on diverse but complementary skills and experience (see Directors' biographies on pages 44 and 45), they provide constructive challenge to the Manager. All Directors provide valuable contributions to the deliberations of the Board, commensurate with their experience and responsibilities, so contributing to the Company's long-term success.

The activities of the Nomination and Remuneration, Management Engagement, and Audit, Risk and Valuation Committees were considered as part of the board appraisal process. The conclusion from this process was that the three Committees were operating effectively, with the right balance of membership, experience and skills.

Board Committees

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

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

Internal control review

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

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

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

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the period and up to the date of approval of the annual report and accounts. Details of this review can be found on pages 51 to 53. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified. The risks arising from the Company's financial instruments are set out in note 20 on pages 83 to 88.

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, with effect from 1 October 2022, has appointed Schroder Unit Trusts Limited ("SUTL") as the Alternative Investment Fund Manager ("AIFM") replacing Link Fund Solutions Limited who had been the AIFM during the period to 30 September 2022. The appointment of SUTL followed an extensive management review process following a number of challenges and poor performance from the previous incumbent. In accordance with the terms of an Alternative Investment Fund Management AIFM agreement, which is governed by the laws of England and Wales, the appointment 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. Details of the amounts paid to Link Fund Solutions Limited and SUTL are detailed in note 17 on page 82.

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 AIFM also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chair of the Board, other Board members or the Corporate Broker as appropriate.

The AIFM has delegated investment management services to Schroder Investment Management Limited ("SIM") and Schroders Capital Management (Switzerland) AG, wholly owned subsidiaries of Schroders plc (the "Manager"). In addition, accounting, administration and company secretarial services have also been delegated to SIM, who has in turn delegated certain accounting and administrative services to HSBC Securities Services (UK) Limited with effect from 1 October 2022. Prior to this date, these services had been provided by Northern Trust Global Services Limited. The AIFM has appropriate professional indemnity cover in place.

The Schroders Group manages £737.5 billion (as at 31 December 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.

Fees payable to the Manager

Under the terms of the AIFM Agreement dated 29 September 2022, a quarterly management fee is payable to the Manager. The fee is calculated and accrued daily based on the Company's market capitalisation. The fee is payable at a rate of the aggregate of 1.0% per annum of the market capitalisation up to £600 million, and 0.8% per annum of market capitalisation over £600 million.

Directors' Report

The Manager is entitled to receive from the Company an annual fee equal to £165,000 in respect of AIFM Services, paid quarterly in arrears.

The Manager is entitled to be reimbursed by the Company for the fees of HSBC Securities Services (UK) Limited, who have been appointed to provide certain accounting and administrative services.

The Manager is entitled to receive a performance fee, calculated at 15% of any excess of the "Adjusted NAV per Share" above "Target NAV per share".

For the purpose of the above the following expressions shall have the following meanings:

"**Target NAV per Share**" means (i) in respect of the Initial Performance Period, 77p; or (ii) in respect of each subsequent Performance Period, the Adjusted Closing NAV per Share plus 10%;

"**Initial Performance Period**" means the period which began on 13 December 2019 and ends on the final day of the first accounting period after 31 December 2022 when the Adjusted NAV Per Share on the final day of such accounting period exceeds the Target NAV per Share.

"**Performance Period**" means the Initial Performance Period and each subsequent period commencing on the day following the final day of the previous Performance Period and ending on the final day of an accounting period where Adjusted NAV per Share exceeds Target NAV per Share.

Details of all amounts payable to the Manager are set out in note 17 to the accounts on page 82.

The Board has reviewed the performance of the Manager for the short period of time during year under review. The Board is confident that the new Manager has the appropriate depth and quality of resource to deliver superior returns over the longer term and that the continued appointment of the Manager on the terms agreed is in the best interest of the Company and its shareholders.

Depositary

With effect from 1 October 2022, the Company has appointed HSBC Bank plc as its Depositary, replacing Northern Trust Investor Services Limited, who had provided this service for the period to 30 September 2022. 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.

Registrar

Link Group has been appointed as the Company's registrar. Link's services to the Company include share register maintenance (including the issuance, transfer and cancellation of shares as necessary), acting as agent for the payment of any dividends, management of company meetings (including the registering of proxy votes and scrutineer services as necessary), handling shareholder queries and correspondence and processing corporate actions. As noted in the Chair's Statement, in accordance with the change of the majority of its service providers in 2022, the Board has decided to change registrar from Link Group to Equiniti Limited with effect from 30 June 2023.

Compliance with the AIC Code of Corporate Governance

The Financial Conduct Authority requires all UK listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "UK Code") issued by the Financial Reporting Council ("FRC").

The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code") which addresses those set out in 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, which has been endorsed by the FRC, 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 Board confirms that the Company has complied with the AIC Code, in so far as they apply to the Company's business, throughout the year under review with the exception of establishing a separate remuneration committee, which is undertaken by the Nomination and Remuneration Committee as detailed on pages 55 and 56. As all of the Company's day-to-day management and administrative functions are outsourced to third parties, it has no executive directors, employees or internal operations and therefore has not reported in respect of the following UK Code Provisions:

- the role of the executive directors and senior management;
- the need for an internal audit function; and
- executive directors' remuneration.

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.

Directors' Report

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.

Revenue and dividend

The Directors do not propose the payment of a dividend in respect of the year ended 31 December 2022 (2021: nil).

Share capital and substantial interests

During the year the Company repurchased a total of 4,420,000 shares for cancellation. As at 31 December 2022, the Company had 904,219,238 ordinary shares of 1p in issue. Since the year end, a further 1,735,000 shares have been repurchased for cancellation and as at 14 April 2023, the Company had 902,484,238 ordinary shares of 1p in issue. No shares are held in treasury. Accordingly, the total number of voting rights in the Company as at 14 April 2023 was 902,484,238. Details of changes to the Company's share capital during the year end review are given in note 13 to the accounts. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

As detailed in the Chair's Statement on page 5, the Company will be proposing at the AGM to cancel its share premium account, approve certain rectification measures in respect of share buybacks undertaken in 2022 and 2023 and to renew its authority to undertake share buybacks.

As at 31 December 2022 and 31 March 2023, the Company has received notifications in accordance with the FCA Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in three per cent or more of the voting rights attaching to the Company's issued share capital. The Company is reliant on investors to comply with these regulations, and certain investors may be exempted from providing these. As such, this should not be relied on as an exhaustive list of shareholders holding above 3% of the Company's voting rights.

	As at 31 December 2022	Percentage of total voting rights	As at 31 March 2023	Percentage of total voting rights
City of London Investment Management Company Ltd	95,835,664	10.60%	**146,155,664**	**16.19%**
Momentum Global Investment Management Ltd	69,300,099	7.66%	**74,075,854**	**8.21%**
BlackRock, Inc	87,036,383	9.63%	**19,966,532**	**2.21%**

There have been no other changes in share interests notified to the Company since 31 December 2022 to the date of this report.

Articles of Association

The Board is proposing that the Company's Articles of Association be amended to afford shareholders the opportunity to vote on the continuation of the Company at regular intervals. The Directors shall procure that, at the Company's Annual General Meeting to be held in 2025, and at every fifth Annual General Meeting thereafter, an ordinary resolution shall be proposed to the effect that the Company shall continue in being as an investment trust. If, at any such Annual General Meeting, such ordinary resolution is not passed, the Directors shall, within six months of such Annual General Meeting, convene a General Meeting at which a special resolution shall be proposed requiring the Company to be wound up voluntarily.

The Board is also proposing to make amendments to the Articles of Association to give the Company the flexibility to hold general meetings (wholly or partially) by electronic means and to enable members to attend and participate in general meetings at one or more satellite meeting places. Certain consequential changes to the Articles in order to facilitate this amendment will also be made.

While the Board does not currently intend to hold meetings in this way, the resolution would allow the Board to hold hybrid or virtual meetings when in the best interests of shareholder safety, for example, in the event of a future lockdown. The amendments will not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical general meeting when safe and practical to do so. A summary of all changes to the Articles will be set out in the notice of AGM to be posted in May.

Meeting Attendance

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.

	Board	Audit, Risk and Valuation Committee	Management Engagement Committee	Nomination and Remuneration Committee
Tim Edwards	7/7*	4/4	4/4	2/2
Raymond Abbott	7/7	4/4	4/4	2/2
Scott Brown	7/7	4/4	4/4	2/2
Stephen Cohen	7/7	4/4	4/4	2/2
Jane Tufnell	7/7	4/4	4/4	2/2

*In addition to the scheduled quarterly Board meetings, the Board met once during the year to review and focus on the Company's strategy and twice to review the transition of service providers and proposed change to the investment policy. The Management Engagement Committee also met on three additional occasions in connection with the change of service providers. The additional meetings were attended by all Directors.

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.

Directors' Report

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.

By order of the Board

Schroder Investment Management Limited
Company Secretary

14 April 2023

Audit, Risk and Valuation Committee Report

The responsibilities and work carried out by the Audit, Risk and Valuation Committee during the year under review are set out in the following report. The duties and responsibilities of the Committee, 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/publicprivatetrust.

All Directors are members of the Committee. Stephen Cohen 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 Chair of the Board is a member of the Committee, and was independent on appointment. The activities of the Committee were considered as part of the externally facilitated board appraisal process completed in accordance with standard governance arrangements as summarised on pages 46 and 47. The evaluation found that the Committee functioned well, with the right balance of membership, skills and experience.

Half year report | Audit planning | Audit | Annual report | Post-audit review

Approach

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

Risk Management and Internal Controls	Financial Reports and Valuation	Audit
Principal and Emerging risks and uncertainties To establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company, and an explanation of how these are being managed or mitigated. 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.
	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 report and accounts. 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, Risk and Valuation Committee Report

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 four times during the year under review. Further details on attendance can be found on page 49. Significant issues identified during the year under review and key matters communicated by the auditor during its reporting are included below.

Application during the year		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Principal risks Reviewed the principal and emerging risks faced by the Company together with the systems, processes and oversight in place to manage and mitigate them.	**Valuation and existence of holdings** The Company's assets are principally invested in quoted and unquoted equities. The Committee reviewed internal control reports from the AIFM in the year, reporting on the systems and controls around the pricing and valuation of securities. The Committee notes that quoted investments are valued using stock exchange prices provided by third- party financial data vendors, unless trading volume would indicate that price is not a reliable valuation. In such cases, the asset will be subject to fair value as if it were an unquoted holding. In respect of the unquoted holdings, at quarterly meetings the Committee reviews a report on the revaluations undertaken on the unquoted holdings during the period and challenges the considerations and key assumptions made where appropriate, to ensure that the valuations are reliable. During the period under review, the Committee has also reviewed the process in place to ensure the accurate valuation of unquoted holdings on an ongoing basis. The Committee has also considered the work of the AIFM's Fair Value Pricing Committee, which takes inputs from the Manager and IHSMarkit (who act as an independent valuation adviser), which considers the pricing of the unquoted holdings.	**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.
Service provider controls Consideration of the operational controls maintained by the Manager, Depositary and Registrar. Following a detailed review, the Board decided to change its AIFM, Depositary and Administrator and SUTL and HSBC were appointed respectively from 1 October 2022.		**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process. 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.
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.	**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** Grant Thornton UK LLP ("Grant Thornton") has provided audit services to the Company since it was appointed on 24 February 2015. This is the eighth year that Grant Thornton will be undertaking the Company's audit. The auditors are required to rotate the senior statutory auditor every five years. This is the second year that the senior statutory auditor, Paul Flatley, has conducted the audit of the Company's annual report and accounts. There are no contractual obligations restricting the choice of external auditors.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**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, Risk and Valuation Committee Report

Application during the year		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
	Fair, balanced and understandable Reviewed the annual 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 annual report and accounts, taken as 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, as described further in page 43.	

Recommendations made to, and approved by, the Board:

The Committee recommended that the Board approve the quarterly valuations, the half year report and the annual report and accounts.

The Committee recommended that the going concern presumption be adopted in the annual 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 annual report and accounts for the year ended 31 December 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 60.

Audit Tender

In line with regulatory requirements, Grant Thornton will only be able to audit the Company for a further two years following the 31 December 2022 year end. In light of this, the Committee agreed to commence an audit tender slightly earlier than required.

In January 2023, the Committee invited a number of audit firms to submit written proposals and, following a tender process which involved a presentation to the Committee by each of the firms, it was agreed to recommend to the Board the appointment of Ernst & Young LLP as the Company's auditor for the year ending 31 December 2023. In reaching its decision, the Committee took into account a number of factors, including the independence, skills and experience of the different audit firms, as well as the proposed levels of audit fees.

As a result, Grant Thornton will not be seeking re-appointment as auditor and the Board will propose a resolution to appoint Ernst & Young LLP as the Company's auditor at the AGM. The Committee has recorded its appreciation for the service provided by Grant Thornton UK LLP over the years.

Stephen Cohen
Audit, Risk and Valuation Committee Chair

14 April 2023

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. Jane Tufnell is the Chair of the Committee. Its terms of reference are available on the Company's webpages, www.schroders.com/publicprivatetrust. The activities of the Management Engagement Committee were considered as part of the externally facilitated board appraisal process completed in accordance with standard governance arrangements as summarised on pages 46 and 47. The evaluation found that the Committee functioned well, with the right balance of membership, skills and experience

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
- 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, Risk and Valuation Committee's review of the auditor.

Application during the year

As noted in the Directors' Report, following a detailed review, the Board decided to change its AIFM, Depositary and Administrator and SUTL and HSBC were appointed respectively from 1 October 2022.

The Committee undertook a 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 review of the Depositary took place.

The Committee noted that the Audit, Risk and Valuation Committee had undertaken an evaluation of the Manager, Registrar, and Depositary'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 and Remuneration Committee Report

The Nomination and Remuneration 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. Jane Tufnell is the Chair of the Committee. Its terms of reference are available on the Company's webpages, www.schroders.com/publicprivatetrust. The activities of the Committee were considered as part of the externally facilitated board appraisal process completed in accordance with standard governance arrangements as summarised on pages 46 and 47. The evaluation found that the Committee functioned well, with the right balance of membership, skills and experience.

Oversight of Directors

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

Approach		
Selection and induction	**Board evaluation and Directors' fees**	**Succession**
• Committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chair and the chairs of committees, the Committee considers current Board members too. • Job specification outlines the knowledge, professional skills, personal qualities and experience requirements. • Potential candidates assessed against the Company's diversity policy. • Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board. • Committee reviews the induction and training of new Directors.	• Committee assesses each Director annually, and considers 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.	• Taking into consideration diversity and the need for regular refreshment, the Board's policy is that Directors' tenure, including the Chair of the Board, will be for no longer than nine years, except in exceptional circumstances, and that each Director will be subject to annual re-election at the AGM. • Committee reviews the Board's current and future needs at least annually. Should any need be identified the Committee will initiate the selection process. • Committee oversees the handover process for retiring Directors.
Application during the year		

Nomination and Remuneration Committee Report

Selection and induction policy

- No new appointments were made during the year.

Board evaluation and Directors' fees

- During the year, the Committee appointed Board Level Partners (BLP), an independent external evaluator with no other connections with the Company or individual Directors, to conduct an external appraisal of the Board and its Committees. This review was based on confidential unattributable one-to-one interviews, the silent observation of Committee and Board meetings, and a review of recent board papers. BLP delivered a detailed report on its findings to the Board in October 2022, and concluded that the Board and its Committees functioned well, with the right balance of membership, skills and experience. (see 'Evaluation of the Board and its Committees', on pages 46 and 47. The appraisal of the Chair was covered as part of the external board review and was led separately by the Senior Independent Director. The findings of the external evaluation were discussed with the Chair and were reviewed by the Nomination and Remuneration Committee in November 2022.
- 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 44 and 45.
- 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 be increased by 3.5% as detailed in the remuneration report.

Succession

- The Committee believes it is important for the Board to have the appropriate skills and diversity and has reviewed composition and succession plans with these in mind.
- The Committee has initiated a recruitment process to replace Raymond Abbott, who will retire from the Board at the forthcoming AGM. The search is focused on increasing gender diversity as well as broadening the Board's skill set to include scientific or technology backgrounds. The search is currently ongoing and an announcement will be made in due course. As part of the ongoing refreshment of the Board, the recruitment will continue during the year to find a successor for Scott Brown, who intends to retire from the Board at the 2024 AGM.

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 3.5% 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 2025 AGM and the current policy provisions will apply until that date. The Directors' report on remuneration, set out below, 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 18 May 2022, 99.74% of the votes cast in respect of approval of the Directors' Remuneration Policy were in favour, while 0.26% were against and 258,195 votes were withheld.

Also at the AGM held on 18 May 2022, 99.71% of the votes cast in respect of approval of the Directors' Remuneration Report for the year ended 31 December 2021 were in favour, while 0.29% were against and 254,375 votes were withheld

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board and the Nomination and Remuneration 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 Chair of the Board, the Chair of the Audit, Risk and Valuation Committee and the Senior Independent Director 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.

The Board and its Committees exclusively comprise of 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.

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 and in accordance with the Company's articles of association. 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.

Implementation of policy

The terms of 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.

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 year ended 31 December 2022.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Nomination and Remuneration Committee and the Board in March 2023. The members of the Board at the time that remuneration levels were considered are as set out on pages 44 and 45. 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, peer group companies and the latest inflation rates was taken into consideration together with independent third party research.

Following this review, it was proposed that a fee increase of 3.5% per annum, effective from 1 January 2023 be recommended. The new fees were as follows; Chair: £49,752; Audit Committee Chair: £42,849; Senior Independent Director: £37,493; Director: £32,137. 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 year ended 31 December 2022 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 2, under the heading "Financial highlights".

		Fees			Change in annual fee over years ended 31 December		
Director	2022 £	2021 £	2020 £	2019 £	2022 %	2021 %	2020 %
Tim Edwards (Chair)[1]	**47,553**	34,262	–	–	**38.8**	N/a	N/a
Raymond Abbott[2]	**30,787**	30,000	30,000	7,500	**2.6**	–	N/a
Scott Brown	**30,787**	30,000	30,000	30,000	**2.6**	–	–
Stephen Cohen	**41,050**	40,000	50,000	40,308	**2.6**	(20.0)	24.0
Jane Tufnell	**35,919**	35,000	35,000	11,102	**2.6**	–	N/a
Carolan Dobson[3]	**–**	–	–	15,000	**N/a**	N/a	N/a
Steven Harris[4]	**–**	–	–	24,981	**N/a**	N/a	N/a
Alan Hodson[5]	**–**	–	–	12,523	**N/a**	N/a	N/a
Louise Makin[6]	**–**	–	–	22,500	**N/a**	N/a	N/a
Susan Searle[7]	**–**	19,874	46,000	46,000	**N/a**	N/a	N/a
	186,096	189,136	191,000	209,914			

[1]Appointed as a director on 26 February 2021. Appointed Chair on 4 June 2021.
[2]Appointed as a director on 1 October 2019.
[3]Resigned as director on 28 June 2019.
[4]Resigned as director on 30 September 2019.
[5]Resigned as director on 16 May 2019.
[6]Resigned as director on 1 October 2019.
[7]Retired as Chair and from the board on 4 June 2021.

The directors' fees in the above table have been audited.

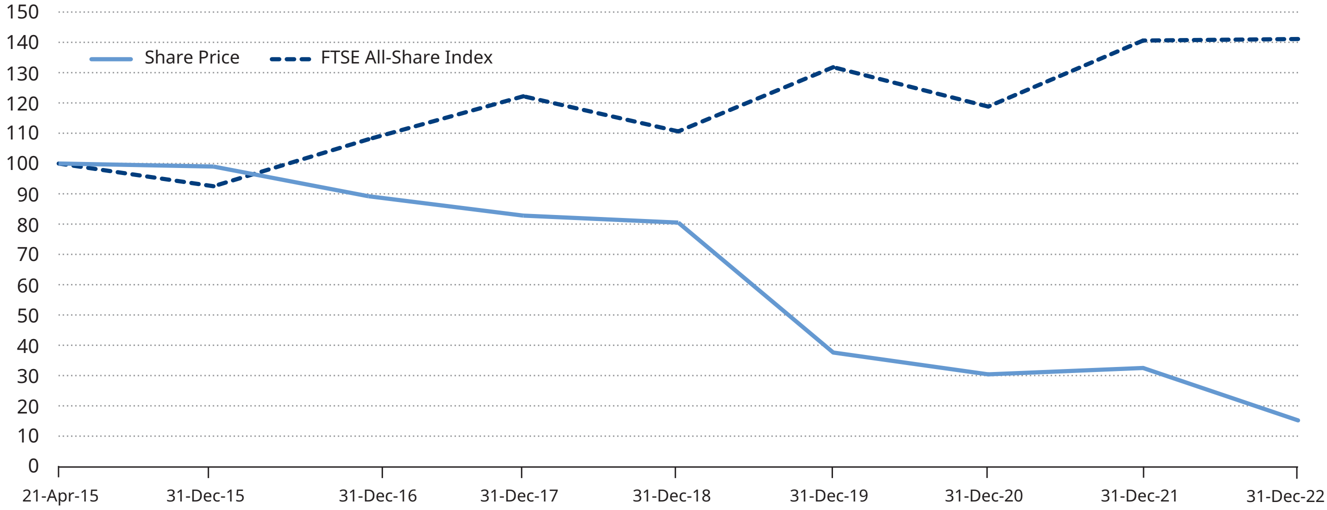
The table below compares the remuneration payable to directors, to distributions made to shareholders during the year under review and the prior year. In considering these figures, shareholders should take into account the Company's investment objective.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	% Change
Remuneration payable to directors	**186**	189	(1.6)
Distributions paid to shareholders			
– Dividends paid during the year	**–**	–	–
– Share buybacks	**812**	–	N/a
Total distributions paid to shareholders	**812**	–	N/a

Directors' Remuneration Report

Performance graph since 21 April 2015 (launch date)

Share price total return versus FTSE All-Share Index total return for the period from 21 April 2015 to 31 December 2022.



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

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 December 2022[1]	At 1 January 2022[1]
Tim Edwards	**210,230**	210,230
Raymond Abbott	**100,000**	100,000
Scott Brown	**78,269**	78,269
Stephen Cohen	**309,737**	309,737
Jane Tufnell	**500,000**	500,000

[1]Ordinary shares of 1p each

Since the year ended 31 December 2022, there have been no changes to Directors' interests in the shares of the Company.

The information in the above table has been audited.

On behalf of the Board

Jane Tufnell
Senior Independent Director

14 April 2023

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 elected to prepare 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 44 and 45, 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 annual 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

Tim Edwards
Chair of the Board

14 April 2023

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

Opinion

Our opinion on the financial statements is unmodified

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its net loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

- Obtaining an understanding of the process applied to prepare the going concern assessment and the identified risks;
- Assessing management's ability to prepare accurate forecasts by comparing previous forecasts to actual results, challenging any material variances and considering their impact on the current year's forecasts;
- Checking the mathematical accuracy and logic of management's going concern model for both base case and stressed case scenarios, including their calculations for future covenant compliance covering the going concern period;
- Challenging the key assumptions used by management in each of the modelled scenarios by comparing these to corroborative evidence and considered any indications of contradictory evidence obtained from audit work in other areas;
- Considering the appropriateness of downside sensitivity scenarios modelled by management, taking into account current economic conditions (such as a significant decline in investment values) and the Company's historic performance; and
- Assessing the adequacy of disclosures relating to going concern within the Report and Accounts.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

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

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality: £2,747,000, which represents approximately 1% of the Company's net assets.

Key audit matters were identified as:

– Valuation of Level 1 investments (same as previous year); and

– Valuation of Level 3 investments (same as previous year).

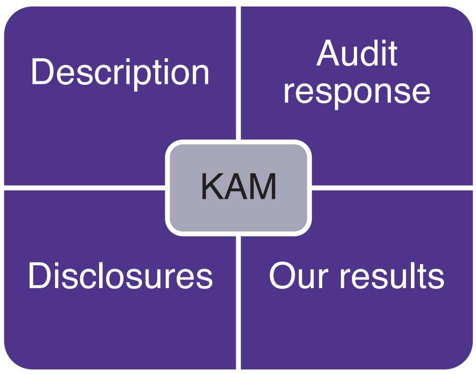
Our auditor's report for the year ended 31 December 2021 included no key audit matters that have not been reported as key audit matters in our current year report.

Our audit approach was a risk-based substantive audit focused on the investment activities of the Company.

There has been no change in the scope of the audit from prior year.

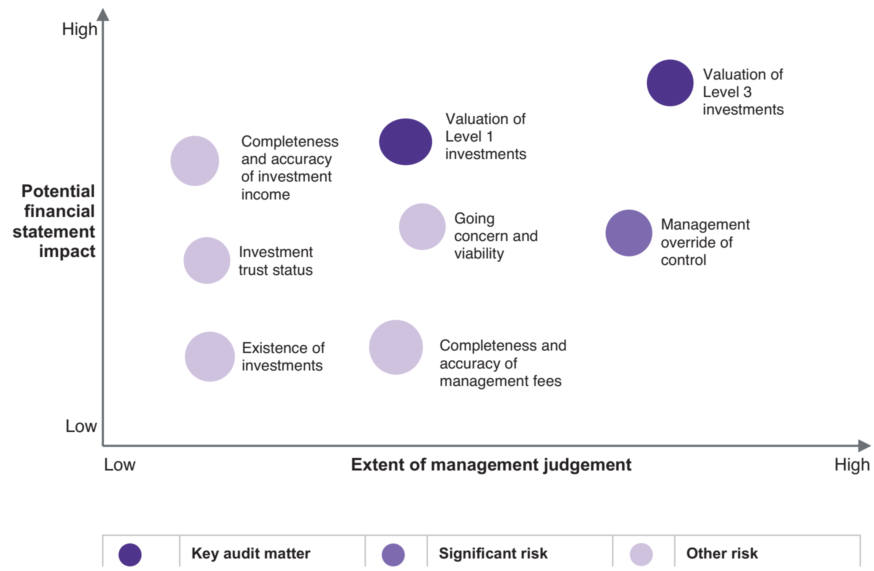
Key audit matters

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



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

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



Key Audit Matter	How our scope addressed the matter

Valuation of Level 1 investments

We identified valuation of Level 1 investments as one of the most significant assessed risks of material misstatement due to error.

In accordance with the Company's long-term objectives, the Company holds a significant portfolio of Level 1 investments. These investments represent 34.5% or £83,711,000 (2021: 50.4% or £222,031,000) of the Company's total investments of £242,390,000 (2021: £440,899,000).

Incorrect asset pricing of these investments held by the Company could have a material impact on its portfolio of investments and Net Asset Value.

In responding to the key audit matter, we performed the following audit procedures:

- assessing the appropriateness of the Company's accounting policy on investment valuation and whether it was in accordance with the financial reporting framework, including FRS 102, and checking its consistent application;
- agreeing the valuation of all Level 1 investments to an independent third-party source for quoted prices and recalculating the valuation from an external confirmation of the holding of each investment; and
- testing the trading volumes of the investments around the year end to ensure each Level 1 investment is quoted in an active market and recalculating the number of days required to sell the investments to ensure liquidity.

Relevant disclosures in the Report and Accounts 2022

- Financial statements: Note 1(b), Accounting policies, Valuation of investments; Note 9, Investments held at fair value through profit or loss; and Note 19, Disclosures regarding financial instruments measured at fair value; and
- Audit, Risk and Valuation Committee Report, page 52, Valuation and existence of holdings.

Our results

Our audit work did not identify any material misstatements relating to the valuation of the Level 1 investments.

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

Key Audit Matter	How our scope addressed the matter

Valuation of Level 3 investments
We identified valuation of Level 3 investments as one of the most significant assessed risks of material misstatement due to error.
In accordance with the Company's long-term objectives, the Company holds a significant portfolio of Level 3 investments, which are valued using inputs which are unobservable. These investments represent 65.5% or £158,679,000 (2021: 49.6% or £218,868,000) of the Company's total investments of £242,390,000 (2021: £440,899,000).
Valuations of Level 3 investments are subjective and can include judgements and subjective estimates. These include the valuation methodology to be used and key input assumptions such as discount rates and probability weightings on possible outcome scenarios.
The subjective nature and complexity inherent in the process introduces a risk that the fair value measurements of these Level 3 companies may not be accurate.
	In responding to the key audit matter, we performed the following audit procedures:
	– assessing the appropriateness of the Company's accounting policy in relation to investment valuations and whether it was in accordance with the requirements of FRS 102 and the latest International Private Equity and Venture Capital Valuation Guidelines, and checking its consistent application year on year;
	– assessing the competence, capabilities and objectivity of the Company's Alternative Investment Fund Manager (AIFM) and its outsourced service provider (collectively the 'valuers') to prepare investment valuations on behalf of the Company;
	– obtaining an understanding of key developments of investee companies and key drivers in the valuation for each Level 3 investment through discussions with the investment manager and research of publicly available information;
	– substantively testing key financial inputs to supporting documentation including capital structures and checking the mathematical accuracy of the models; and
	– using our internal valuation specialists to assess the appropriateness of key judgements and assumptions used in the valuations. Specifically:
	  – assessing the reasonableness of the valuation models used by the valuers; and
	  – challenging the valuers on the reasonableness of key assumptions used in the valuations, such as the discount rates used, the probability weightings applied and potential outcome scenarios.

Relevant disclosures in the Report and Accounts 2022 – Financial statements: Note 1(b), Accounting policies, Valuation of investments; Note 9, Investments held at fair value through profit or loss; and Note 19, Disclosures regarding financial instruments measured at fair value; and – Audit, Risk and Valuation Committee Report, page 52, Valuation and existence of holdings.	**Our results** Our audit work did not identify any material misstatements relating to the valuation of the Level 3 investments.

Our application of materiality

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

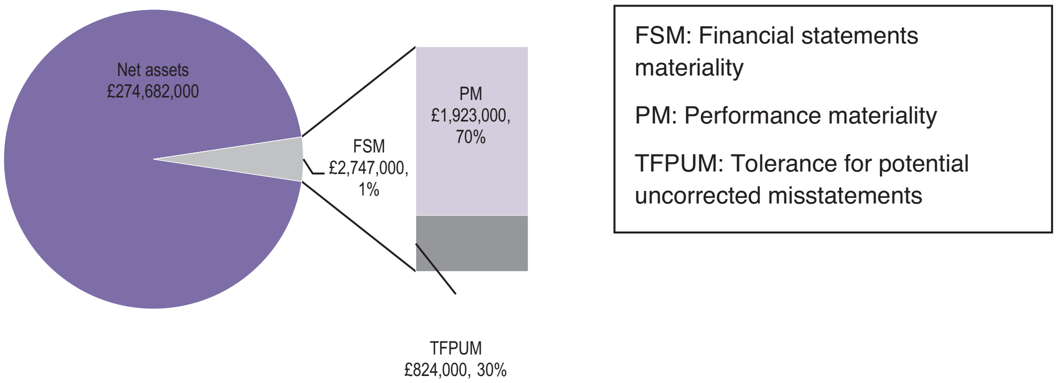
Materiality was determined as follows:

Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£2,747,000, which is approximately 1% of the Company's net assets
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: – Net assets is considered the most appropriate benchmark as it is the Company's primary performance measure for internal and external reporting and is the measure most relevant to the stakeholders of the Company; and – 1% was determined to be an appropriate percentage compared to 1.8% used in the previous year as it is in line with recent changes to industry standard practice for similar investment trust companies that hold both Level 1 and Level 3 investments in their portfolios. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2022 to reflect the decrease in the value of the Company's net assets and the change in the materiality measurement percentage to align to industry standard practice.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£1,923,000, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements: – the key functions are outsourced, and no significant control deficiencies have been identified in prior years; and – no significant misstatements were identified in prior years.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We determined a lower level of specific materiality for the following areas: – Investment management fees and finance cost; and – Related party transactions including directors' remuneration.
Communication of misstatements to the Audit, Risk and Valuation Committee	We determine a threshold for reporting unadjusted differences to the Audit, Risk and Valuation Committee.
Threshold for communication	£137,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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

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

Overall materiality



An overview of the scope of our audit

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

Understanding the Company and its environment, including controls

– We obtained an understanding of the Company's investment valuation process for Level 1 and Level 3 investments through assessing the design and implementation of the processes and controls in place at the Company's administrators and Alternative Investment Fund Manager (AIFM) in relation to the investment valuation process;

– We obtained an understanding of the Company and its control environment and assessed the risk of material misstatement;

– We obtained an understanding of the relevant controls in place at the third-party service providers. This included documenting the description and design and implementation of internal controls at the custodian and administrator;

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

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

Performance of our audit

– An audit of the financial information of the Company was undertaken using the financial statement materiality; and

– We identified the valuation of Level 1 and Level 3 investments as key audit matters and the procedures performed in respect of these have been included in the key audit matters section of our report.

Changes in approach from previous period

– There have been no changes in the scope of current year's audit from previous year, however additional work was performed to understand processes and assess the design and implementation of controls at the Company's new AIFM and administrator; and

– We also performed opening balance testing to ensure that the closing balances of the Company's records at the previous administrator had been correctly brought forward during the year.

Other information

The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

– the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

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

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

Corporate governance statement

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:

– the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 43;

– the directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 43;

– the directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 43;

– the directors' statement on fair, balanced and understandable set out on page 60;

– the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 37;

– the section of the Report and Accounts that describes the review of the effectiveness of risk management and internal control systems set out on page 52; and

– the section describing the work of the audit committee set out on pages 51 and 52.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 60, 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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006, the Association of Investment Companies (AIC) Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', the AIC Code of Corporate Governance, sections 1158 to 1164 of the Corporation Tax Act 2010 and the Listing Rules of the Financial Conduct Authority (the 'FCA');

- We enquired of the directors and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations. As set out in the Chair's Statement and in Note 13 to the financial statements the Company carried out a number of share buybacks from May 2022 without the availability of distributable reserves to do so and so were non-compliant with the Companies Act 2006. We considered the legal advice provided to the Board by the Company's legal advisors and the Board's proposed action to rectify the matter, together with the disclosures made in the Chair's Statement and in Note 13 to the financial statements.

  We also enquired of management whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the Company's board and audit committee meetings;

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:

  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud; and

  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

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

  - knowledge of the industry in which the Company operates; and

  - understanding of the legal and regulatory frameworks applicable to the Company.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Other matters which we are required to address

We were appointed by the Board on 6 January 2023 to audit the financial statements for the year ended 31 December 2022. Our total uninterrupted period of engagement is eight years, covering the periods ending 31 December 2015 to 31 December 2022.

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

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

Use of our report

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

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

14 April 2023

Income Statement
for the year ended 31 December 2022

	Note	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Losses)/gains on investments held at fair value through profit or loss		–	(175,669)	(175,669)	–	124,583	124,583
Gains/(losses) on foreign exchange		–	583	583	–	(466)	(466)
Income from investments	2	479	–	479	112	–	112
Gross return/(loss)		479	(175,086)	(174,607)	112	124,117	124,229
Management fee	3	(1,989)	–	(1,989)	(3,019)	–	(3,019)
Administrative expenses	4	(1,237)	–	(1,237)	(1,448)	–	(1,448)
Net (loss)/return before finance costs and taxation		(2,747)	(175,086)	(177,833)	(4,355)	124,117	119,762
Finance costs	5	(304)	–	(304)	(960)	–	(960)
Net (loss)/return before taxation		(3,051)	(175,086)	(178,137)	(5,315)	124,117	118,802
Taxation	6	–	–	–	–	–	–
Net (loss)/return after taxation		(3,051)	(175,086)	(178,137)	(5,315)	124,117	118,802
Basic and diluted (loss)/earnings per share	8	(0.34)p	(19.30)p	(19.64)p	(0.58)p	13.66p	13.08p

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 (loss)/return after taxation is also the total comprehensive income for the year, therefore no separate Statement of Comprehensive Income has been prepared.

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

The notes on pages 74 to 88 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31 December 2022

	Note	Called-up share capital	Share premium	Capital redemption	Capital reserves	Revenue reserve	Total
At 31 December 2020		9,086	891,017	–	(563,222)	(18,812)	318,069
Net return/(loss) after taxation		–	–	–	124,117	(5,315)	118,802
At 31 December 2021	13/14	**9,086**	**891,017**	**–**	**(439,105)**	**(24,127)**	**436,871**
Purchase of shares for cancellation		**(44)**	**–**	**44**	**(812)**	**–**	**(812)**
Net loss after taxation		**–**	**–**	**–**	**(175,086)**	**(3,051)**	**(178,137)**
At 31 December 2022	13/14	**9,042**	**891,017**	**44**	**(615,003)**	**(27,178)**	**257,922**

The notes on pages 74 to 88 form an integral part of these accounts.

Financial

Statement of Financial Position at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	**242,504**	440,899
Current assets			
Debtors	10	**160**	171
Cash at bank and in hand	10	**16,122**	19,077
		16,282	19,248
Current liabilities			
Creditors: amounts falling due within one year	11	**(864)**	(1,276)
Net current assets		**15,418**	17,972
Total assets less current liabilities		**257,922**	458,871
Creditors: amounts falling due after more than one year	12	**–**	(22,000)
Net assets		**257,922**	436,871
Capital and reserves			
Called-up share capital	13	**9,042**	9,086
Share premium	14	**891,017**	891,017
Capital redemption reserve	14	**44**	–
Capital reserves	14	**(615,003)**	(439,105)
Revenue reserve	14	**(27,178)**	(24,127)
Total equity shareholders' funds		**257,922**	436,871
Net asset value per share	15	**28.52p**	48.08p

These accounts were approved and authorised for issue by the board of directors on 14 April 2023 and signed on its behalf by:

Tim Edwards
Chair

The notes on pages 74 to 88 form an integral part of these accounts.

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

Company registration number: 09405653

Cash Flow Statement for the year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
(Loss)/return before finance costs and taxation	**(177,833)**	119,762
Adjustments for:		
Losses/(gains) on investments held at fair value through profit or loss	**175,669**	(124,583)
Decrease/(increase) in debtors	**11**	(145)
Decrease in creditors	**(316)**	(1,231)
Net cash flow from operating activities	**(2,469)**	(6,197)
Cash flows from investment activities		
Purchases of investments	**(17,422)**	(61,199)
Proceeds from sales of investments	**40,148**	166,035
Net cash flow from investment activities	**22,726**	104,836
Cash flows from financing activities		
Purchase of shares for cancellation	**(812)**	–
Finance costs	**(400)**	(909)
Bank loan drawn down	**–**	22,000
Bank loan repaid	**(22,000)**	(107,032)
Net cash flow from financing activities	**(23,212)**	(85,941)
Change in cash and cash equivalents	**(2,955)**	12,698
Cash and cash equivalents at the beginning of the year	**19,077**	6,379
Cash and cash equivalents at the end of the year	**16,122**	19,077

The notes on pages 74 to 88 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

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

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in July 2022. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these accounts. In forming this opinion, the directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the 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. In forming this opinion,the directors have also considered the impact of climate change on the Company. Further details of directors' considerations regarding this are given in the Chairs Statement, Investment Managers' Review, Going Concern Statement, Viability Statement and under Principal Risks and Uncertainties. The accounts have been prepared on the assumption that approval as an investment trust will continue to be granted.

In preparing these accounts the Directors have considered the impact of climate change on the value of the Company's investments. The Board has concluded that, for investments which are valued using quoted bid prices in active markets, the fair value reflects market participants' view of climate change risk. Unquoted investments are valued in accordance with the policy detailed below, using techniques which also reflect each investment's exposure to climate change risk.

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

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

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 December 2021.

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

(b) Valuation of investments

Investments that are quoted on an exchange are valued using closing bid prices. If there has been no material trading in an investment, it will be valued using the process for unquoted investments, described below.

Investments in shares that are not quoted on any Stock Exchange (unquoted investments) represent a significant part of the Company's portfolio. Such investments are held at fair value, which requires significant estimation in concluding on their fair value. While there is a robust and consistent valuation process undertaken by the AIFM, it is recognised that in stating these assets at fair value there is a significant element of estimation uncertainty. Central to this uncertainty is the assumption that such assets will continue to progress in line with their stated business plan and will be held for the longer term until exit, generally where either the company is sold to an interested party or lists on an appropriate exchange. The core to that significant estimate is the potential failure of any individual unquoted investment to progress in accordance with their business plan and such failure could result in a material change to the fair valuation of that company. The assumptions and estimates made in determining the fair value of each unquoted investment are considered at least each six months or sooner if there is a triggering event. An example of where a valuation would be considered out of the six-month cycle is the failure of a drug under development to meet an anticipated outcome of its trial, or other performance against tangible development milestones.

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

Significant estimates of fair value are considered on an ongoing basis including considering impact of events in the wider market. In making these estimates, appropriate care is taken to consider the nature and inherent uncertainties of market events and their impact on the fair value of unquoted assets.

While there may be market speculation about potential transaction activity in portfolio companies, such matters are not taken into account in the valuation process until the information is public and can be considered as an observable market transaction.

The Manager has determined the fair value of the unquoted investments and investments quoted in inactive markets, in accordance with the following principles, which are consistent with IPEVCV guidelines:

1. The following factors will be considered in determining the fair value of an asset:

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

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

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

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

      (b) Option priced modelling (OPM) is used to value early stage companies where outcomes are uncertain.

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

      (d) Discounted cash flow model which values a business based on estimates of future cash-flows with an appropriate discount rate.

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

Where models are used in valuing an investment, significant judgements are made in estimating the various inputs into the models and recognising the sensitivity of such estimates, especially in early-stage pre-revenue enterprises. Examples of the factors where significant judgement is made include, but are not limited to, the probability assigned to the relative success or failure of an enterprise; the probable future outcome paths; discount rates; growth rates; terminal value; selection of appropriate market comparable companies, the reliability of future revenue and growth forecasts and the likely exit scenarios for the investor company, for example, IPO or trade sale. In making judgements in regard to the probability of an investee outcome, it must be noted that due to the nature of the investee company's activity, its future outcome may, to a greater or lesser extent, be binary, for example, if an investee company is developing one particular drug and that fails its required trials then the outcome may be terminal for that enterprise. It should be noted that the most significant event that will drive valuation change in investee companies are company-specific events that would give rise to a valuation inflexion point (known also as a 'triggering event'). An example of a material inflexion point in a bio-pharma company would be the successful completion of a drug trial or its approval by a regulatory authority.

These valuation methods may lead to a company being valued on a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation. The ratio used will be based on a comparable sector but the resulting value will be adjusted to reflect points of difference identified when compared to the market sector (in which the investment would reside if it were it listed) including, inter alia, a lack of marketability.

At 31 December 2022, 14.5% (2021: 24.2%) of the NAV was valued in accordance with 1(i); nil% (2021: 9.1%) was valued in accordance with 1(ii); 37.9% (2021: 14.4%) in accordance with 1(iii); and 9.1% (2021: 2.4%) in accordance with 1(iv).

(c) Accounting for reserves

Capital reserve

The capital reserve reflects any:

- gains and losses on disposals of investments;
- exchange differences of a capital nature;
- increase and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement;
- expenses which are capital in nature; and
- the cost of repurchasing shares, including the related stamp duty and transactions costs.

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

Revenue reserve

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

(e) Expenses

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

- Any performance fee is charged wholly to capital.
- Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 9 on page 79.

(f) Finance costs

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

(g) Financial instruments

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

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

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

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

(h) Taxation

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

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(j) Foreign currency

In accordance with FRS 102, the Company is required to determine the 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.

Notes to the Accounts

(k) Share issues

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

(l) Repurchases of shares for cancellation

The cost of repurchasing the Company's own shares including the related stamp duty and transactions costs is charged to "Capital reserves", and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of share capital repurchased and cancelled is transferred out of "Called-up share capital" and into "Capital redemption reserve".

2. Income

	2022 £'000	2021 £'000
Income from investments:		
UK dividends	**425**	112
Interest from debt securities	**20**	–
Bank interest	**34**	–
	479	112

3. Management fee

	2022 £'000	2021 £'000
Management fee	**1,989**	3,019
	1,989	3,019

Under the terms of the management agreement, the Manager is entitled to a management fee and a performance fee, subject to achieving performance targets. Details of these calculations are set out in the Directors' Report on pages 47 and 48. No performance fee is payable for the current or prior year and no provision is required at 31 December 2022.

Details of all transactions with the current and previous Managers are given in note 17 on page 82.

4. Other administrative expenses

	2022 £'000	2021 £'000
Other administration expenses	**596**	818
Valuation fees	**275**	303
Directors' fees[1]	**186**	189
Auditor's remuneration for the audit of the Company's annual accounts[2]	**180**	138
	1,237	1,448

[1]Full details are given in the remuneration report on pages 57 to 59.
[2]Includes VAT amounting to £30,000 (2021: £23,000).

5. Finance costs

	2022 £'000	2021 £'000
Bank loan/overdraft fees and interest	**304**	960
	304	960

6. Taxation

(a) Analysis of tax charge for the year

	Revenue £'000 (2022)	Capital £'000 (2022)	Total £'000 (2022)	Revenue £'000 (2021)	Capital £'000 (2021)	Total £'000 (2021)
Taxation on ordinary activities	–	–	–	–	–	–

The Company has no corporation tax liability for the year ended 31 December 2022 (2021: nil).

(b) Factors affecting tax charge for the year

	Revenue £'000 (2022)	Capital £'000 (2022)	Total £'000 (2022)	Revenue £'000 (2021)	Capital £'000 (2021)	Total £'000 (2021)
Net (loss)/gain on ordinary activities before taxation	(3,051)	(175,086)	(178,137)	(5,315)	124,117	118,802
Net (loss)/gain on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 19.0% (2021: 19.0%)	(580)	(33,266)	(33,846)	(1,010)	23,582	22,572
Effects of:						
Capital loss/(return) on investments	–	33,266	33,266	–	(23,582)	(23,582)
UK dividends which are not taxable	(81)	–	(81)	(21)	–	(21)
Disallowed expenses	24	–	24	–	–	–
Unrelieved loan relationship deficit	48	–	48	182	–	182
Unrelieved management expenses	589	–	589	849	–	849
Taxation on ordinary activities	–	–	–	–	–	–

(c) Deferred taxation

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

The Company has an unrecognised deferred tax asset £7,529,000 (2021: £6,027,000) arising from unutilised tax losses of £30,117,000 (2021: £24,106,000) based on a prospective corporation tax rate of 25.0% (2021: 25%). 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.

7. Dividends

No dividends have been paid or proposed in respect of the year ended 31 December 2022 (2021: nil).

8. Basic and diluted (loss)/earnings per share

	2022 £'000	2021 £'000
Revenue loss	(3,051)	(5,315)
Capital (loss)/return	(175,086)	124,117
Total (loss)/return	(178,137)	118,802
Weighted average number of shares in issue during the year	907,291,950	908,639,238
Revenue loss per share	(0.34)p	(0.58)p
Capital (loss)/return per share	(19.30)p	13.66p
Total basic and diluted (loss)/return per share	(19.64)p	13.08p

The basic and diluted (loss)/return per share are the same because there are no dilutive instruments in issue.

Notes to the Accounts

9. Investments held at fair value through profit or loss

(a) Movement in investments

	2022 £'000	2021 £'000
Opening book cost	**622,857**	759,715
Opening investment holding losses	**(181,958)**	(338,563)
Opening fair value	**440,899**	421,152
Purchases at cost	**17,422**	88,680
Sales proceeds	**(40,148)**	(193,516)
(Losses)/gains on investments held at fair value through profit or loss	**(175,669)**	124,583
Closing fair value	**242,504**	440,899
Closing book cost	**581,253**	622,857
Closing investment holding losses	**(338,749)**	(181,958)
Closing fair value	**242,504**	440,899

The Company received £40,148,000 (2021: £193,516,000) from investments sold in the year. The book cost of the investments when they were purchased was £59,026,000 (2021: £225,538,000). These investments have been revalued overtime and, until they were sold, any unrealised gains/losses were included in the fair value of the investments.

Purchases and sales include non-cash transactions in relation to HP Environmental Technologies Fund (2021: Athenex and Kuur).

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

Material revaluations of unquoted investments during the year

	Opening valuation at 31/12/21[1] £'000	Valuation adjustment £'000	Closing valuation at 31/12/22 £'000
Atom Bank	46,209	(14,523)	**31,686**
AMO Pharma	11,668	4,740	**16,408**
BenevolentAI	28,484	(16,549)	**11,935**
Revolut LLP	10,115	(4,679)	**5,436**

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

Material disposals of unquoted investments during the year

	Book cost £'000	Carrying value at 31/12/21 £'000	Sales Proceeds £'000	Gain/(loss) based on carrying value at 31/12/21 £'000
Seedrs	10,470	11,272	12,000	728
Nexeon	1,059	7,788	1,552	(6,236)

(c) Transaction costs

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

	2022 £'000	2021 £'000
On acquisitions	**–**	78
On disposals	**8**	397
	8	475

Financial

Notes to the Accounts

10. Current assets

	2022 £'000	2021 £'000
Debtors		
Accrued income	94	54
Other debtors	66	117
	160	171

The Directors consider that the carrying amount of accrued income and debtors approximate to their fair value.

Cash at bank and in hand

The carrying amount of cash, amounting to £16,122,000 (2021: £19,077,000) represents its fair value.

11. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Management fee payable	373	765
Other creditors and accruals	491	511
	864	1,276

The Company has a £40 million loan facility agreement with The Northern Trust Company, which terminates on 30 January 2023; interest on any drawings accrues daily and is calculated at the aggregate of The Bank of England base rate and a 2% margin. Drawings on the facility are secured on all of the Company's assets. The facility was undrawn at the year end. At the prior year end, the Company had drawn down £22 million on this facility, as stated in note 12 below.

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

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

	2022 £'000	2021 £'000
Bank loan	–	22,000

The bank loan was drawn down on the Company's £40 million loan facility agreement with The Northern Trust Company. Further details of this facility are given in note 11 above.

The Directors consider that the carrying amount of the bank loan approximates to its fair value.

13. Called-up share capital

	2022 £'000	2021 £'000
Ordinary shares allotted, called up and fully paid:		
Ordinary shares of 1p each:		
908,639,238 ordinary shares of 1p each	9,086	9,086
Repurchase and cancellation of 4,420,000 (2021: nil) shares	(44)	–
Closing balance of 904,219,238 (2021: 908,639,238) shares	9,042	9,086

During the year, the Company made market purchases of 4,420,000 of its own shares, nominal value £44,200, for cancellation, representing 0.5% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to c.£812,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share. As noted in the Chair's statement on page 5, although the Company had a share premium account of £891 million at the time of the 2022 and 2023 share buybacks, as that had not been cancelled at the time, the Company did not have sufficient distributable profits and so those buybacks did not comply with the requirements of the Companies Act 2006.

Notes to the Accounts

14. Reserves

	Share premium[1] £'000	Capital redemption reserve[2] £'000	Capital reserves Losses on sales of investments[3] £'000	Capital reserves Investment holding losses[4] £'000	Revenue reserve[5] £'000
At 31 December 2021	**891,017**	**–**	**(256,487)**	**(182,618)**	**(24,127)**
Losses on sales of investments based on historic cost	**–**	**–**	**(18,878)**	**–**	**–**
Net movement in investment holding gains and losses	**–**	**–**	**–**	**(156,791)**	**–**
Repurchase and cancellation of shares	**–**	**44**	**(812)**	**–**	**–**
Exchange gains	**–**	**–**	**583**	**–**	**–**
Retained revenue loss for the year	**–**	**–**	**–**	**–**	**(3,051)**
At 31 December 2022	**891,017**	**44**	**(275,594)**	**(339,409)**	**(27,178)**

	Share premium[1] £'000	Capital redemption reserve[2] £'000	Capital reserves Losses on sales of investments[3] £'000	Capital reserves Investment holding losses[4] £'000	Revenue reserve[5] £'000
At 31 December 2020					
Opening balance	891,017	–	(224,465)	(338,757)	(18,812)
Losses on sales of investments based on historic cost	–	–	(32,022)	–	–
Net movement in investment holding gains and losses	–	–	–	156,605	–
Exchange losses	–	–	–	(466)	–
Retained revenue loss for the year	–	–	–	–	(5,315)
At 31 December 2021	891,017	–	(256,487)	(182,618)	(24,127)

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

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

Financial

15. Net asset value per share

	2022	2021
Net assets attributable to shareholders (£'000)	**257,922**	436,871
Shares in issue at the year end	**904,219,238**	908,639,238
Net asset value per share	**28.52p**	48.08p

16. Uncalled capital commitments

At 31 December 2022, the Company had uncalled capital commitments amounting to £5,121,000 (2021: nil) in respect of follow-on investments, which may be called by investee companies, subject to their achievement of certain milestones and objectives.

Notes to the Accounts

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

A management fee amounting to £1,989,000 (2021: £3,019,000) is payable to Schroder Investment Management Limited for the year ended 31 December 2022, of which £373,000 (2021: £765,000) was outstanding at the year end.

Fees amounting to £65,000 (2021: £88,000) were payable to Link Fund Solutions Limited for services as AIFM, of which £nil (2021: £22,000) was outstanding at the year end.

Fees amounting to £41,000 were payable to Schroder Unit Trusts Limited for services as AIFM, following its appointment as AIFM with effect from 1 October 2022, and the whole of this amount was outstanding at the year end.

Under the terms of the Alternative Investment Management Agreement dated 29 September 2022, Schroder Unit Trusts Limited may reclaim from the Company certain expenses which it has paid on behalf of the Company to HSBC in connection with accounting and administrative services provided to the Company. These charges amounted to £17,000 for the 3 months ended 31 December 2022, and the whole of this amount was outstanding at the year end.

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

18. Related party transactions

Details of the remuneration payable to directors are given in the Directors' Remuneration Report on page 58 and details of directors' shareholdings are given in the Directors' Remuneration Report on page 59. Details of transactions with the Manager, the AIFM and its associated companies are given in note 17 above. There have been no other transactions with related parties during the year (2021: nil).

19. Disclosures regarding financial instruments measured at fair value

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

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

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

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

Level 3 – valued using inputs that are unobservable.

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) on pages 74 and 75 and 1(g) on page 76. Level 3 investments have been valued in accordance with note 1(b) (i) - (iv) .

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

	2022			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments in equities – quoted	**83,711**	**–**	**11,935**	**95,646**
– unquoted	**–**	**–**	**146,858**	**146,858**
Total	**83,711**	**–**	**158,793**	**242,504**

RM2 International £104,000 transferred from Level 3 to Level 1 during the year following the conversion of RM2 International shares into ARC Group Worldwide shares.

	2021			
	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments in equities – quoted	222,031	–	21,312	243,343
– unquoted	–	–	197,556	197,556
Total	222,031	–	218,868	440,899

Immunocore £21,044,000 and Oxford Nanopore £162,641,000 transferred from Level 3 to Level 1 during the year following their IPOs on NASDAQ and London Stock Exchange, respectively.

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

	2022 £'000	2021 £'000
Opening book cost	**482,416**	663,223
Opening investment holding losses	**(263,548)**	(274,768)
Opening valuation	**218,868**	388,455
Purchases at cost	**17,422**	39,437
Sales proceeds	**(19,289)**	(185,825)
Transfer between Level 3 and Level 1	**(19,152)**	(66,197)
Net movement in investment holding gains and losses	**(39,056)**	42,998
Closing valuation	**158,793**	218,868
Closing book cost	**458,690**	482,416
Closing investment holding losses	**(299,897)**	(263,548)
Total level 3 investments held at fair value through profit or loss	**158,793**	218,868

The company received £19,289,000 (2021: £185,825,000) from Level 3 investments sold in the year. The book cost of the investments when they were purchased was £20,384,000 (2021: £154,047,000). These investments have been revalued over time and, until they were sold, any unrealised gains/losses were included in the fair value of the investments.

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

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

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

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

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

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements: currency risk, interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

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

Notes to the Accounts

Management of currency risk

The AIFM monitors the Company's exposure to foreign currencies on a daily basis and reports to the board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

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

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

Foreign currency exposure

The fair value of the Company's monetary and non-monetary items that have foreign currency exposure at 31 December are shown below.

			2022		
	Euro £'000	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash at bank and in hand	**6**	**–**	**–**	**3,618**	**3,624**
Investments held at fair value through profit or loss	**27,083**	**3,781**	**7,460**	**62,542**	**100,866**
Total net foreign currency exposure	**27,089**	**3,781**	**7,460**	**66,160**	**104,490**

				2021		
	Australian Dollars £'000	Euro £'000	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash at bank and in hand	–	10,078	–	–	1,167	11,245
Investments held at fair value through profit or loss	996	9,905	11,823	5,513	82,198	110,435
Total net foreign currency exposure	996	19,983	11,823	5,513	83,365	121,680

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's foreign and non-monetary currency financial instruments held at each accounting date and assumes a 10% (2021: 10%) appreciation or depreciation in sterling against all the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

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

	2022 £'000	2021 £'000
Income Statement – return after taxation		
Revenue return	**–**	–
Capital return	**10,449**	12,168
Total return after taxation	**10,449**	12,168
Net assets	**10,449**	12,168

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

	2022 £'000	2021 £'000
Income Statement – return after taxation		
Revenue return	–	–
Capital return	**(10,449)**	(12,168)
Total return after taxation	**(10,449)**	(12,168)
Net assets	**(10,449)**	(12,168)

In the opinion of the directors, the above sensitivity analysis is broadly representative of the whole of the current and comparative year.

(ii) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2022 £'000	2021 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	**16,122**	19,077
Creditors: amounts falling due after more than one year		
Bank loan	–	(22,000)
Net exposure	**16,122**	(2,923)

Sterling cash deposits at call earn interest at floating rates based on Sterling Overnight Index Average ("SONIA") rates, (2021: LIBOR).

The Company has a £40 million loan facility agreement with The Northern Trust Company, which terminates on 30 January 2023; interest on any drawings accrues daily and is calculated at the aggregate of The Bank of England base rate and a 2% margin. The facility was undrawn at the year end (2021: £22 million).

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

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2021: 1.0%) 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 which are exposed to interest rate changes held at the accounting date, with all other variables held constant.

	2022		2021	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Income statement – return after taxation				
Revenue return	161	(161)	(29)	29
Capital return	–	–	–	–
Total return after taxation	161	(161)	(29)	29
Net assets	161	(161)	(29)	29

Given the increase in UK interest rates, the interest rate sensitivity has been updated to 1.0%. The prior year disclosure has been updated to 1.0% to show a direct comparison in the sensitivity. In the prior year report, the sensitivity was calculated using 0.25%, which was representative of the market at 31 December 2021. As disclosed in the prior year annual report and accounts, an increase of 0.25% reduced total return after taxation by £7,308 (a decrease of 0.25% had an equal and opposite effect).

(iii) Market price risk

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

Management of other price risk

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

Market risk exposure

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

	2022 £'000	2021 £'000
Investments held at fair value through profit or loss	242,504	440,899

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

Concentration of exposure to market price risk

A sector and geographical analysis of the Company's investments is given on page 24. This shows a concentration of exposure to economic conditions in the United Kingdom and to the Health Care sector. In addition, it is noted that as the Company's holds five (2021: six) investments amounting to approximately £61.5 million (2021: £91.7 million), representing 23.8% (2021: 20.9%) of NAV, whose valuation is deemed to be potentially volatile, as it is dependent on a number of factors including future funding and meeting of anticipated milestones.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2021: 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.

Notes to the Accounts

	2022		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	–	–	–	–
Capital return	48,501	(48,501)	88,180	(88,180)
Total return after taxation and net assets	48,501	(48,501)	88,180	(88,180)
Percentage change in net asset value	18.8%	(18.8%)	20.2%	(20.2%)

(b) Liquidity Risk

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

Management of the risk

The Company's assets include readily realisable securities amounting to £83,711,000 (2021: £222,031,000), which can be sold to meet ongoing funding requirements. Additionally, the Company has level 3 investments valued at £158,793,000 (2021: £218,868,000) which are illiquid, but could be sold if required.

Liquidity risk exposure

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

	2022				2021			
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000
Creditors: amounts falling due within one year								
Bank loan – including interest	–	–	–	–	274	454	22,050	22,778
Other creditors and accruals	864	–	–	864	1,138	–	–	1,138
Uncalled capital commitments	–	1,700	3,421	5,121	–	–	–	–
	864	1,700	3,421	5,985	1,412	454	22,050	23,916

(c) Credit risk

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

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

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

Exposure to the Custodian

The custodian of the Company's assets is 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.

(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.

21. Analysis of changes in net debt

	At 31 December 2021 £'000	Cashflows £'000	At 31 December 2022 £'000
Cash and cash equivalents			
Cash at bank and in hand	19,077	(2,955)	**16,122**
Borrowings			
Debt due after more than one year	(22,000)	22,000	**–**
Net debt	(2,923)	19,045	**16,122**

22. Capital management policies and procedures

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

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

	2022 £'000	2021 £'000
Debt		
Bank loan	**–**	22,000
Equity		
Called-up share capital	**9,042**	9,086
Reserves	**248,880**	427,785
	257,922	436,871
Total debt and equity	**257,922**	458,871

23. Post balance sheet events

The Company's £40 million loan facility agreement with The Northern Trust Company terminated on 30 January 2023 and was not renewed. The facility was undrawn at 31 December 2022.

Definitions of Terms and Alternative Performance Measures

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Numerical calculations are given where relevant. Some of the financial measures below are classified Alternative Performance Measures ("APMs") as defined by the European Securities and Markets Authority. Under this definition, APMs include a financial measure of historical financial performance or financial position, other than a financial measure defined or specified in the applicable financial reporting framework. APMs have been marked with an asterisk.

Net asset value ("NAV") per share

The NAV per share of 28.52p (2021: 48.08) represents the net assets attributable to equity shareholders of £257,922,000 (2021: £436,871,000) divided by the number of shares in issue of 904,219,238 (2021: 908,639,238).

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market.The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 45.8% (2021: 31.2%), as the closing share price at 15.47p (2021: 33.10p) was 45.8% (2021: 31.2%) lower than the closing NAV of 28.52p (2021: 48.08p).

Gearing*

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested 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. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "Net cash" position. The net cash/gearing figure at the year end is calculated as follows:

	2022 £'000	2021 £'000
Borrowings used for investment purposes, less cash	**(16,122)**	2,923
Net assets	**257,922**	436,871
(Net cash)/gearing	**(6.3)%**	0.7%

Ongoing Charges*

The Ongoing Charges figure is a measure of the ongoing operating cost of the Company. It is calculated in accordance with the AIC's recommended methodology and represents the management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable, amounting to £3,226,000 (2022: £4,467,000), expressed as a percentage of the average daily net asset values during the year of £330,194,000 (2022: £370,576,000).

Leverage*

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. Higher Leverage numbers are thus indicative of higher market risk. Leverage 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.

*Alternative Performance Measures ("APMs")

Shareholder Information

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments.

These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting register.fca.org.uk
- Report the matter to the FCA by calling 0800 111 6768 or visiting fca.org.uk/consumers/report-scam-unauthorised-firm
- Do not deal with any firm that you are unsure about

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FCA provides a list of unauthorised firms of which it is aware, which can be accessed at fca.org.uk/consumers/unauthorised-firms-individuals#list.

More detailed information on this or similar activity can be found on the FCA website at fca.org.uk/consumers/protect-yourself-scams.

Shareholder Information

Webpages and share price information

The Company has dedicated webpages, which may be found at www.schroders.com/publicprivatetrust. The webpages are the Company's primary method of electronic communication with shareholders. They contain details of the Company's ordinary share price and copies of the annual report and accounts 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 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 to the market on a daily basis.

Share price information may also be found in the Financial Times and on the Company's webpages.

Association of Investment Companies

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

Individual Savings Account ("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

Annual General Meeting	June
Half year end	June
Half year results announced	September
Financial year end	31 December
Annual results announced	April

Alternative Investment Fund Managers ("AIFM") Directive

The AIFM Directive, 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 and accounts, or in the Company's AIFM Directive information disclosure document published on the Company's webpages.

Leverage

The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage at 31 December 2022. An unleveraged position would be stated as 100%.

	% of net asset value	
Leverage exposure	**Maximum**	**Actual**
Gross Method	310.0	100.3
Commitment Method	210.0	95.4

Illiquid assets

As at the date of this annual report and accounts, 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 and accounts in accordance with FCA Handbook rule FUND3.3.5 may also be found in the Company's AIFM Directive 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.

www.schroders.com/publicprivatetrust

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Raymond Abbott
Scott Brown
Stephen Cohen
Jane Tufnell

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If your shares are held directly, rather than through an ISA, SIP or dealing platform, and you have queries relating to your shareholding, you should contact the Registrar on: 0371 664 0300 from the UK, or +44 371 664 0300 from overseas.

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00am to 5.30pm, Monday to Friday (excluding Public Holidays in England and Wales).

Shareholders holding shares directly can also access their holding details via Link's website: www.signalshares.com.

Shareholder enquiries

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

Dealing Codes

SEDOL:	BVG1CF2
ISIN:	GB00BVG1CF25
Ticker:	SUPP

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

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

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