Schroders Capital Global Innovation Trust plc

Annual Report and Accounts
for the year ended 31 December 2023

Schroders

Performance Summary

NAV per share total return*

–11.2%

2022: –40.7%

Share price total return*

–5.3%

2022: –53.3%

NAV per share

25.32p

2022: 28.52p

Some of the financial measures 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 pages 88 and 89 together with supporting calculations and sources where appropriate.

Investment objective

The Company's investment objective is to achieve long-term capital growth through investing in a diversified global portfolio of private and public equity companies.

Why invest in the Company?

- **A compelling long-term growth opportunity**
  Schroders Capital Global Innovation Trust plc provides access to the leading growth businesses of the future.
- **Invest with an experienced venture specialist with proven expertise**
  Schroders Capital's private equity team has a strong track record and has been investing in global innovation for over 25 years.
- **Benefit from a global innovation remit**
  Exposure to some of the world's most promising innovators, with a focus on eight themes across technology and healthcare.

Ongoing charges ratio*

1.08%

2022: 0.98%

Share price

14.65p

2022: 15.47p

Revenue return per share

–0.20p

2022: –0.34p

Share price discount to NAV per share*

42.1%

2022: 45.8%

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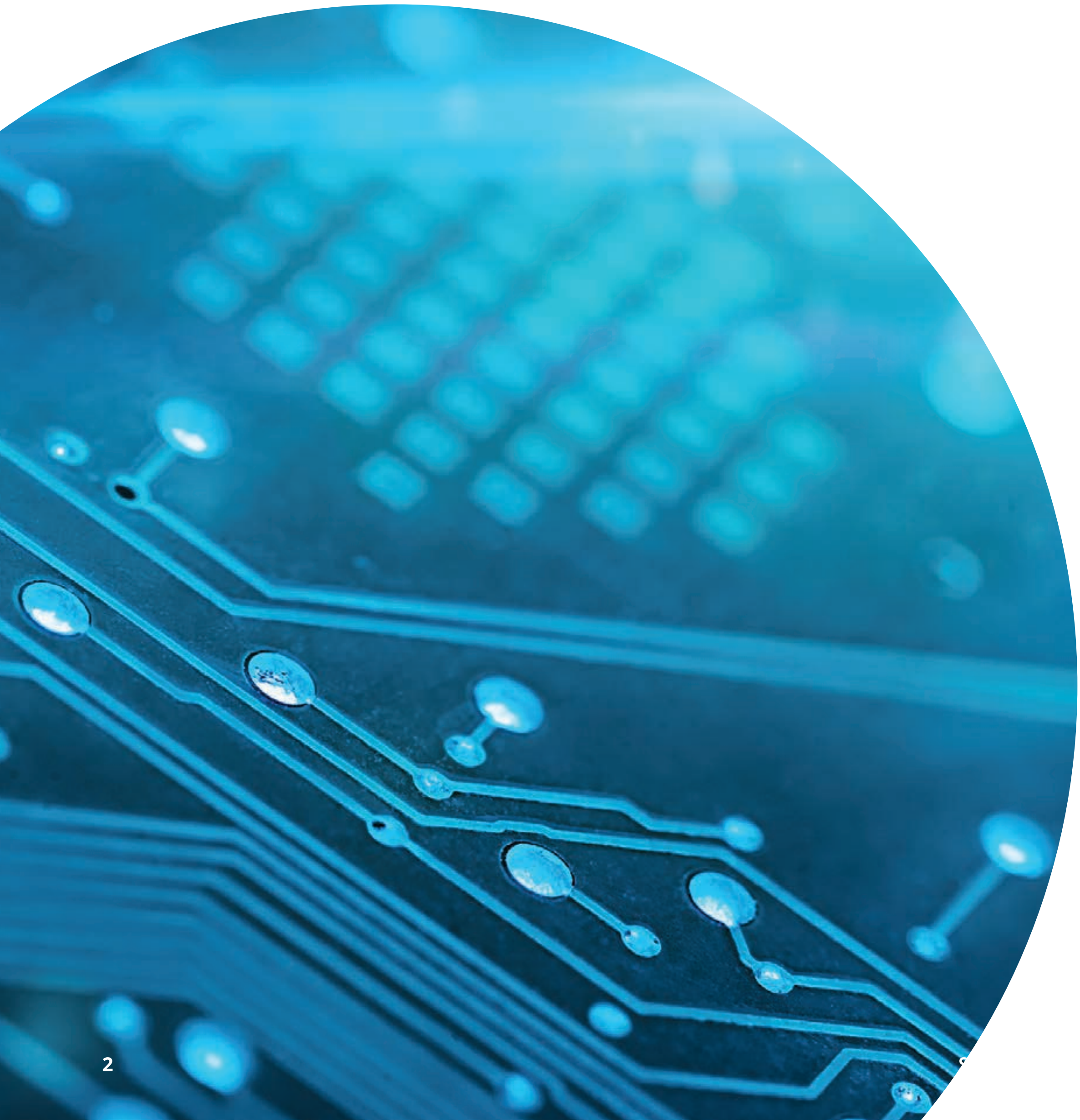


Strategic Report

Strategic Report

The increase in net asset value in the last quarter of the year and the positive news flow from the portfolio since the end of the year, both indicate that momentum is beginning to turn in favour of growth in the new investments in the portfolio.

Performance

For most of 2023, the macroeconomic backdrop of rising inflation and tightening central bank policy proved challenging for the Company and investor sentiment towards the areas of the market your Company invests in was significantly depressed.

The Company's net asset value ("NAV") per share for the year to 31 December 2023 fell by 11.2% and the share price by 5.3% but importantly the NAV per share at 31 December 2023 had recovered by 7.9% relative to the 30 September valuation.

Performance during the first three quarters of the year was primarily driven by a fall in value of the holdings in AMO Pharma, BenevolentAI, Atom Bank, and our largest public holding, Oxford Nanopore. In contrast, stronger performance in the last quarter of the year was driven by our holding in Autolus Therapeutics, whose share price increased by 239.5% over the year reflecting encouraging results from clinical trials and pipeline developments.

Against the difficult macroeconomic background, the Company continued to make progress with the strategy agreed with the Investment Manager:

- Work closely with the management of portfolio companies to support growth and map a path to profitability;
- Optimise liquidity to facilitate the execution of the buyback programme and the continued investment in private assets;
- Maximise the sale proceeds from holdings; and
- Complete new investments in line with the investment strategy already announced.

During the year, the Company made realisations of equities totalling £32.8 million, acquired 46.9 million of its shares, equivalent to 5.2% of our outstanding share capital, and made six new investments in innovative private companies across the three strategies of venture, growth, and life sciences which align with the Investment Manager's successful 25-year track record.

As at 31 December 2023, the Company had £12.6 million in cash and liquid money market funds and £54.6 million in liquid public equity investments to meet the funding requirements of the existing portfolio, to continue to execute the buyback programme and to target a select number of new investments.

The Company has announced positive news at the start of 2024; we have received a further milestone payment of £4.5 million from the sale of Kymab and proceeds of £4.5 million, an uplift of 219.2% on the 30 September valuation from the sale of Carmot Therapeutics which was only announced earlier in 2024.

The Board expects that future returns will likely continue to be driven by the performance of new investments.

Capital Discipline policy

The cancellation of the share premium account and rectification measures in respect of share repurchases undertaken in 2022 and up to the end of February 2023 were approved by shareholders at the Annual General Meeting ("AGM") on 21 June 2023 and the court on 18 July 2023.

This allowed the Company to begin a share repurchase programme in September 2023 as part of its Capital Discipline policy and we restated the intention *"to repurchase shares equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024, and in addition such number of shares in order to ensure that over the period to the 2025 AGM, the Company has undertaken share repurchases in an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager."*

The Board believes this programme demonstrates the Investment Manager's discipline around capital allocation; underlines the Board's confidence in the long-term prospects of the Company, its cash flows and NAV; will enhance the NAV per Share; and over time may reduce the volatility of the Company's discount and increase its trading liquidity.

The Board successfully repurchased 45,124,212 shares equal to 5% of the Company's issued share capital in the four-month period September to December 2023, at an estimated weighted average discount to the last reported NAV on 30 September 2023 of 36.3%. The Company has already begun its programme for 2024 in order to meet its commitment for the year, and as at 27 March 2024, the

Company has repurchased 17,500,000 shares for cancellation. No shares are held in treasury. Accordingly, the total number of voting rights in the Company as at 27 March 2024 was 839,860,026. In aggregate the buybacks from September 2023 to date represent a capital return of £9.1 million to date.

The discount to net asset value which was trading at 47.9% immediately before the start of the share repurchase programme finished the year at 42.1% and as at 25 March 2024, stood at 43.9%. The Directors continue to examine options available to it to address the discount level.

The Board has continued to monitor realisations since 17 April 2023 to ensure its commitment to return 25% of net cash realisation is being fulfilled.

Valuation process for private investments

The valuation of private investments continues to be an area of considerable focus by the market.

The private investments are valued by a Schroders in-house valuation team which resides in Schroders Capital Fund Operations and Services team and is separate from the investment function.

The Company's AIFM maintains and applies effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interests in relation to the unquoted valuation process. The Schroders Capital valuation process and governance structure is intended to ensure independence, accountability and segregation of duties in the oversight functions.

Valuations are calculated using established methodologies and public market comparators in accordance with International Private Equity and Venture Capital guidelines.

Valuations of the entire portfolio are reviewed on a quarterly basis by the Board and annually by the Auditor and clearly communicated to the market.

Comprehensive details of the valuation methodology and process can be found in the Strategic Report on pages 30 and 31.

Valuation frequency

In the past, the Board has published an indicative NAV each day in addition to the complete NAV calculations contained in the annual results, the interim results and as part of two quarterly NAV updates. In view of the current composition of the portfolio and the future investment strategy centred around investment in private companies, the Company will cease to publish an indicative NAV every business day from 2 April 2024 and the Company will focus on its quarterly NAV reporting schedule. The private portfolio now accounts for approximately 81% of the equity portfolio and this level will likely increase during 2024. Full quarterly valuation of all holdings and quarterly updates on the whole portfolio will provide a more definitive valuation basis for investors. The current daily indicative NAV does not include revaluation of the private holdings other than to account for foreign exchange movements and the relevance of the daily update is questionable when the quarterly valuation process for the private investments is taken into account.

The first NAV to be published under the new reporting regime will be the 31 March 2024 NAV which is expected to be published before the end of June 2024. In addition, the Company will continue to make announcements arising from developments within portfolio companies that have a material impact on the NAV, as well as new private investments and realisations of any nature in private investments (including partial realisations). The Board believes this quarterly NAV reporting cycle will provide shareholders with a clear framework for the release of information on the portfolio.

Change of Company Name, Auditor and Registrar

On 20 April 2023, the Company rebranded as Schroders Capital Global Innovation Trust plc and at the Company's AGM held on 21 June 2023, Ernst & Young LLP, was appointed as the Company's new Auditor. Additionally, the change of registrar to Equiniti Limited "Equiniti" was finalised on 30 June 2023.

Board composition

The Board noted the departure of Raymond Abbott, who retired from the Board at the AGM in June 2023 and, again, thank Raymond for his valuable contribution to the Company.

Lamia Baker joined the Board as an independent non-executive Director with effect from 22 June 2023. With more than 20 years of experience in business and technology, Lamia brings expertise in areas such as intellectual property, sales, innovation, entrepreneurship, venture capital investment, and board representation. Currently, Lamia holds the position of managing director (UK) at Dennemeyer & Co Limited and serves as the Head of Commercial (EMEA) for Dennemeyer Group.

A resolution to appoint Lamia as a Director of the Company will be proposed at the forthcoming AGM.

Scott Brown, who has served on the Board since 2015, will retire following the conclusion of the forthcoming AGM in May 2024. On behalf of the Board, I would like to thank Scott for his considerable contribution to the Company and wish him well for his future plans.

AGM

The AGM will be held at 12.30pm on Wednesday, 22 May 2024 at 1 London Wall Place, London EC2Y 5AU. 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 portfolio managers, Tim Creed and Harry Raikes 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. Information on voting can be found in the Notice of Annual General Meeting on pages 85 to 87. In the event that shareholders have a question for the Board, please email amcompanysecretary@schroders.com in advance of the AGM.

Continuation vote in 2025

Shareholders will have the opportunity to vote on the continuation of the Company at its AGM in 2025 and every five years thereafter.

Packaged Retail Insurance and Investment Products ("PRIIPs") legislation

There is a view that the UK's Listed Investment Companies have been shunned by investors and investment platforms because of the UK's unique interpretation of the PRIIPs regulations in the Markets in Financial Instruments Directive ("MiFID") which remain on the UK statute book.

In the House of Lords on Friday, 1 March 2024, Peers from all sides of the House agreed that a simple change to the interpretation in line with Baroness Altmann's Alternative Investment Fund Designation Bill would bring the UK into line with the rest of the world and was urgently needed in the interest of the country. We support this Bill and believe it would be a helpful legislative change.

Results webinar

Please join the Investment Manager for a webinar in which they will report on the year ended 31 December 2023 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 28 March 2024 at 2pm. Register for the event at https://www.schroders.events/INOV24 or via the QR code below:

Outlook

The increase in net asset value in the last quarter of the year and the positive news flow from the portfolio since the end of the year, both indicate that momentum is beginning to turn in favour of growth in the new investments in the portfolio.

This progress is not currently reflected in the Company's share price and sentiment towards the private equity sector remains muted. The Investment Manager is finding exciting new investments and rebalancing the portfolio and the Board is encouraged by the portfolio taking shape under their direction. Shareholders can see this potential in the Investment Managers' Review. The Board's continued implementation of its Capital Discipline policy will underpin the Investment Manager's efforts and, in time, the share price and discount should begin to respond positively.

Tim Edwards
Chair

27 March 2024

Tim Creed

Harry Raikes

> *"The progress achieved in 2023 has been against a difficult macroeconomic backdrop with investor focus primarily on rising inflation and the policy response from major central banks."*

Summary

- The Company reported a net asset value ("NAV") of 25.32p per share as of 31 December 2023, a decrease of 11.2% relative to the NAV share per share as of 31 December 2022 (28.52p) but an increase of 7.9% relative to the NAV per share of 23.46p as of 30 September 2023.
- The main detractors from performance over the 12-month period, which have been previously discussed, included holdings in AMO Pharma, BenevolentAI, Oxford Nanopore and Atom Bank. On the positive side, positions in Autolus Therapeutics, Carmot Therapeutics and Ada Health provided bright spots, while the Company also notably benefited from the first milestone payment following the sale of Kymab to Sanofi, and an additional deferred cash consideration received following the sale of assets to Rosetta Capital.
- It has been a busy year with six new investments completed (AgroStar, Carmot Therapeutics, Securiti, Bizongo, AI software company (MMC SPV 3 LP), Memo Therapeutics) across our three strategies: venture, growth and life sciences.
- During the 12 months to 31 December 2023 the Company made realisations totalling £32.8 million, with positions in Oxford Nanopore and Immunocore reduced, while Johnson Matthey, Spirent Communications, Petershill Partners and IDEX Biometrics were exited.
- During the year, the Company purchased 46.9 million shares, equivalent to 5.2% of the outstanding share capital as of 31 December 2022.
- As of 31 December 2023, the Company had £2.9 million in cash (2022: £16.1 million), along with an investment of £9.7 million in the Schroder Special Situations – Sterling Liquidity Plus Fund (2022: nil), a daily liquidity money-market fund and £54.6 million in liquid public equity investments[1] (2022: £83.7 million) to meet the funding requirements of the existing portfolio, continue to execute the buyback programme and target a select number of new investments.

Source: Schroders.

Introduction

Progress made in 2023

In the half year report and accounts, we discussed our four key strategic areas as Investment Manager. Here, we discuss the progress made this year towards our long-term investment strategy of pursuing opportunities in innovative, private companies globally across three key strategies: venture, growth and life sciences.

1. Work closely with portfolio management teams, co-investors, and other stakeholders to support business growth and a path to profitability

As Investment Manager, we take an active approach to engagement with the management teams of portfolio companies, with some examples provided in the engagement section later in this report. During 2023, the portfolio made significant progress in terms of both growth and profitability. The below figures offer a snapshot of progress by strategy as of 31 December 2023.

11 of 12	2	80%
life sciences portfolio companies have reached clinical stage	new venture portfolio companies added in the past 12 months	average sales growth for growth portfolio companies*

Source: Schroders Capital, 2024.

*As at 31 December 2023, the weighted average sales growth over the last 12 months for all growth investments valued using a market-based approach, and excluded HP Environmental Technologies Fund.

[1] Excluding BenevolentAI.

Meanwhile, we are encouraged by the aggregate health of the portfolio in terms of estimated cash runway 67% of equity investments (by value) as at 31 December 2023 are profitable, fully funded or have more than 24 months of expected cash runway, as described in the below table.

Expected cash runways for portfolio companies

Expected cash runway	Fair value	% of equities
<12 months	£24.1m	12.0%
12-24 months	£43.0m	21.5%
>24 months	£63.6m	31.7%
Unprofitable (fully funded)	£11.8m	5.9%
Profitable (incl. milestones)	£57.9m	28.9%
Total equities	£200.4m	100.0%

Source: Schroders Capital, 2024. These figures represent forecasts and may not be realised. % of total investments as at 31 December 2023.

2. Rebalance the portfolio ensuring the appropriate liquidity (cash and liquid public equities) to execute efficiently the buyback programme and support the portfolio

We made notable progress in altering the liquidity mix to ensure the Company is appropriately positioned to execute efficiently the buyback programme and support the portfolio. During the year, we reduced the exposure to certain public holdings with the goal of reducing concentration risk, and to position the portfolio to better align with the renewed focus on private equity. To this end, the Company realised £23.8 million over the 12 months to 31 December 2023, exiting public equity holdings in Johnson Matthey, Spirent Communications, Petershill Partners and IDEX Biometrics, as well as reducing the holdings in Oxford Nanopore and Immunocore. As of 31 December 2023, the Company had £2.9 million in cash (2022: £16.1 million), along with an investment of £9.7 million in the Schroder Special Situations – Sterling Liquidity Plus Fund (2022: nil), a daily liquidity money-market fund and £54.6 million in liquid public equity investments, which we believe to be sufficient to successfully continue the buyback programme in 2024, meet the funding requirements of the existing portfolio and selectively target new investments.

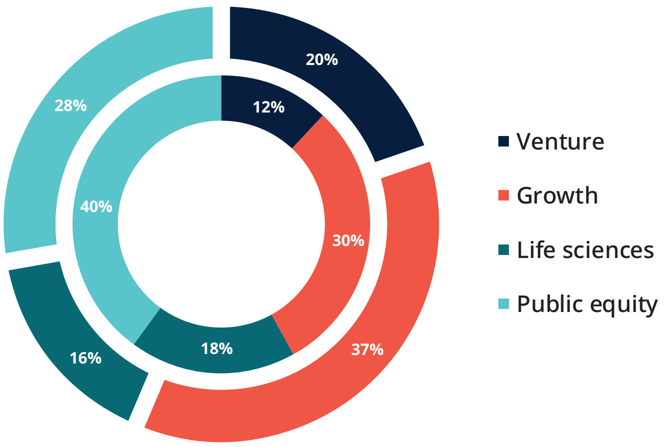
£12.6m
in cash and money market funds

£54.6m
invested in liquid public equity investments

3. Maximise the sale proceeds from holdings, both public and private, as part of the rebalancing exercise

The economic environment in 2023 of inflation and interest rate headwinds, recession fears, weaker business confidence, subdued equity capital markets and slow fundraising and M&A activity, made it difficult to achieve sales for private holdings in the portfolio. We will continue to explore sales options in 2024, which we expect to provide an increasingly favourable environment for exits in private markets. That said, through the sale of public equity holdings discussed in the investment activity section and new investments (see below), we have made considerable progress in rebalancing the portfolio, increasing the portfolio's weightings to venture, growth and life science investments while reducing the public equity exposure, which is illustrated in the below figure. In addition, and more recently, we have seen exits in Tessian (acquired by Proofpoint) and Carmot (acquired by Roche), as well as receiving an additional £2.9 million deferred cash consideration received following the sale of assets to Rosetta Capital and an additional £4.6 million distribution related to the first milestone of the Kymab sale to Sanofi.

% of total investments by strategy:
inner ring = 31 December 2022, outer = 31 December 2023



4. Complete new investments that align with our new strategy

While ensuring the Company was in a position to successfully execute the buyback programme, we simultaneously made good progress with our long-term investment strategy, making six new investments in innovative, private companies globally (from the US to India) across venture, growth and life sciences. These are illustrated below.

Two new investments per strategy made in 2023

	LIFE SCIENCES	VENTURE	GROWTH
Description of strategy	– Focused on **biotech and life science opportunities.** – Either **clinical stage** or with visibility on IND (max 6 months). Clinical endpoint clearly defined and financed	– Focused on **venture-stage companies with early revenues.** – Will typically have **initial customers, unproven unit economics** and **raising capital to invest in their product/technology and go-to-market strategy.**	– Focused on more **mature, growth-stage companies that have achieved scaled revenues.** – Will typically have **established customers, proven unit economics** and **raising capital to invest for growth.**
New portfolio companies in 2023	CARMOT THERAPEUTICS MEMO THERAPEUTICS	securiti AI software company	AgroStar Helping Farmers Win BIZ ON GO

While we have made progress completing new investments, only 30% of total equities as of 31 December 2023 represent investments made since Schroders was appointed Investment Manager.

Economic and market backdrop

The progress achieved in 2023 has been against a difficult macroeconomic backdrop with investor focus primarily on rising inflation and the policy response from major central banks. There were fears that rising interest rates could lead to recession, although economic growth generally remained resilient.

In Europe, the ongoing war in Ukraine contributed to higher inflation as the region had to import liquified natural gas from more distant producers. However, warmer winter weather helped limit the impact of high gas prices. China's decision to abandon its strict lockdown measures at the end of 2022 enabled economic activity to pick up, however the recovery was weaker than many had hoped, with the property sector coming under pressure. Volatility heightened in March 2023 as several regional US banks – including Silicon Valley Bank – collapsed due to lack of liquidity. In Europe, this was followed by the takeover of Credit Suisse by UBS. Further uncertainty emerged amid concerns that the US would breach its debt ceiling. However, a deal to extend the debt ceiling was reached in early June 2023.

Towards the end of the period, inflation readings in major economies began to soften. The debate over the outlook for interest rates continued though, as resilient growth and strong US labour markets raised expectations that rates could remain elevated.

However, a definitive change appeared to come in November with the release of softer-than-expected US and eurozone inflation data. This was followed in December by comments from the US Federal Reserve suggesting that rates may not only have peaked, but that cuts could be coming in 2024.

Global shares posted strong gains over the 12-month period in aggregate, shrugging off concerns about higher interest rates and risks to growth. US shares were among the strongest performers. Gains were led by some of the mega cap technology and consumer stocks. Companies thought to be winners from the AI revolution saw particularly strong share price gains around mid-year as markets embraced the potential of AI with enthusiasm.

Against the backdrop of inflation, rate rises and macroeconomic headwinds, global venture capital deal activity fell in 2023, with a year-on-year decline of 42% by value (from $426 billion in 2022 to $248 billion in 2023) and 30% by volume (from 42,069 deals in 2022 to 29,303 deals in 2023). This sees a return to the levels of deal activity seen prior to the COVID-19 pandemic.

Meanwhile, investors have demonstrated greater selectivity of deals and have been reluctant to participate in large, late-stage rounds. The number of mega-rounds, which represent deals worth $100 million+, has fallen 58% year-on-year (from 933 in 2022 to 394 in 2023), while the aggregate value of these deals has fallen nearly 50% over the same period (from $192 billion in 2022 to $100 billion in 2023). Furthermore, while median deal sizes have come down across all stages over the past three years, it has been most pronounced in late-stage deals, which have fallen 58% since 2021 ($50 million in 2021 vs. $21 million in 2023).

The market cooling was also evident with only 71 new unicorns created in 2023, a reduction of 73% from 2022 (263 unicorns) – representing a seven-year low. The environment for exits also saw continued weakness. The number of M&A transactions, the predominant exit route for venture-backed businesses, declined 18% year-on-year (from 10,234 in 2022 to 8,351 in 2023). Initial public offerings were even further in decline, falling 48% year-on year (from 90 in 2022 to 47 in 2023).

Source for venture data: CB Insights, State of Venture 2023 Report.

Financial performance

2023 performance

The NAV as of 31 December 2023 was £217.1 million, a decrease of 15.8% compared with the NAV (£257.9 million) as of 31 December 2022. The NAV per share as of 31 December 2023 was 25.32p, a decrease of 11.2% compared with the NAV per share (28.52p) as of 31 December 2022.

This 11.2% decrease in NAV per share comprised:

- Public equity holdings: –5.8%
- Private equity venture holdings: –4.2%
- Private equity life science holdings: –1.9%
- Private equity growth holdings: –0.5%
- Repurchase and cancellation of the Company's own shares: 1.9%
- Costs and other movements: –0.7%

Attribution analysis (£m)

	Private equity							
	Life sciences*	Venture	Growth	Public equity	Money market funds	Cash	Other	NAV
Fair value as at 31 December 2022	**34.9**	**49.7**	**62.3**	**95.6**	**0.0**	**16.1**	**(0.7)**	**257.9**
+ Investments	4.3	5.6	12.9	–	13.2	(36.0)	–	**–**
– Realisations at value	(3.1)	(5.2)	(0.7)	(23.8)	(3.6)	36.4	–	**–**
+/– Fair value gains/(losses)	(5.1)	(10.8)	(1.2)	(15.0)	0.1	–	–	**(32.0)**
+/– Reclassified holdings	–	–	–	–	–	–	–	**–**
– Repurchase & cancellation of the Company's own shares	–	–	–	–	–	(7.0)	–	**(7.0)**
+/– Costs & other movements	–	–	–	–	–	(6.6)	4.8	**(1.8)**
Fair value as at 31 December 2023	**31.0**	**39.3**	**73.3**	**56.8**	**9.7**	**2.9**	**4.1**	**217.1**

*Included £2.9 million of proceeds from Rosetta sale (sale of basket of life science assets to Rosetta Capital).

Public equity holdings

The Company's public equity holdings saw a fair value loss of –15.7% of the opening fair value, contributing –5.8% to the decrease in NAV per share over the 12-month period.

The listed share price of AI-enabled drug discovery and development company BenevolentAI declined 74.9% over the year. In April, the company announced the results of its Phase IIa study of BEN-2293, a treatment for Atopic Dermatitis, a common skin condition that causes patches of skin that are itchy, cracked and sore. The treatment was safe and well tolerated, however failed to demonstrate efficacy – the key requirement for further progression of the drug. In May, the company announced a new strategic plan to position itself going forward. This included streamlining its portfolio to focus on a narrower set of drug programmes, and changing its cost base and organisational structure, resulting in an extended cash runway to 2025. The company is reported as a public equity holding although fair value priced by the Company's AIFM, ("Schroder Unit Trusts Limited" or the "Manager"), due to a lack of liquidity in the listed shares. As of 31 December 2023, the holding in BenevolentAI is held at a discount of 33% to the listed share price (FY22: 19%).

Meanwhile, the share price of Oxford Nanopore Technologies ("ONT"), the Company's largest holding, fell 15.6% over the year, reflecting a mixed year in which underlying financial growth was insufficient to offset pessimistic market sentiment and continued valuation weakness. The share price declined 13.5% in the first half and 2.4% in the second half of the year. In September, ONT released its interim results for the six months ended 30 June 2023 detailing Life Science Research Tools ("LSRT") revenue growth of 22% year-on-year to £86 million – towards the mid-point of previous guidance, an adjusted EBITDA loss aligned with market consensus, whilst reiterating medium term guidance. During its capital markets day in October, ONT announced that bioMérieux, a leading company in the field of vitro diagnostics, planned to make a strategic investment of £70 million in ONT at 238p per share, while expecting to make further market share purchases, up to a further 3.5% of Oxford Nanopore's shares. Additionally, ONT announced a multi-year joint development collaboration with the Mayo Clinic, the renowned academic medical centre, to develop new clinical tests for diseases and improve patient care. After the period end, in January 2024, ONT released its FY23 trading update outlining LSRT revenue increased 15% year-on-year to £169 million, towards the lower end of previous guidance. Performance in the fourth quarter was impacted by slower than expected ramp-up of certain new customers, which management expect to fall into FY24, and a slowdown of growth in China and the Middle East following the issuance of the recent US trade rules further regulating sales of advanced AI semiconductors. The company also agreed to replace and supersede its existing purchase agreement with G42 Laboratories in support of the Emirati Genome Programme to remove the outstanding purchase commitment.

On the positive side, the share price of Autolus Therapeutics, the CAR T-cell therapy company, increased by 239.5% over the year. This increase reflects encouraging results from clinical trials and pipeline developments. The company presented positive results from a pivotal Phase 2 clinical trial for OBE-CELL, aimed at patients with relapsed/refractory adult B-cell Acute Lymphoblastic Leukaemia. These results were presented at the American Society of Hematology in May and December. In November, the company filed a Biologics License Application with the FDA, seeking US regulatory market approval. Elsewhere in the pipeline, in April, the company reported that AUTO1/22 showed complete responses and no antigen negative relapse in responding patients with Acute Lymphoblastic Leukaemia in a Phase I study. In June, the company reported that AUTO4 demonstrated responses in all four treated patients with relapsed/refractory TRBC1-positive Peripheral T-cell Lymphoma. AUTO4 was well tolerated with no dose-limiting toxicities. Two of these patients showed a complete metabolic response at the highest doses.

Private equity venture holdings

The Company's venture holdings saw a decrease in value of 21.7% contributing –4.2% to the decrease in NAV per share over the 12-month period.

The valuation of the Company's holding in Federated Wireless decreased as a result of slower sales growth than anticipated. The market that Federated Wireless is penetrating is large but relatively cautious in adopting new technologies. As such the company has taken a more cautious view on growth in these early years which is reflected in the valuation change. Additionally, the valuation of the Company's holding in Genomics was decreased over the period to reflect the terms of its £35 million fundraise which completed in early January 2024.

A key contributor over the period was innovative email cybersecurity company Tessian, which in November was announced to have entered into a definitive agreement to be acquired by Proofpoint - a people-centric cybersecurity and compliance company. The agreement closed in December 2023, with the Company receiving $6.7 million (£5.2 million), representing an increase of 32% compared to the valuation as of 31 December 2022 (£3.9 million).

Private equity life science holdings

The Company's life science holdings saw a decrease in value of 14.6% contributing –1.9% to the decrease in NAV per share over the 12-month period.

AMO Pharma, an emerging biopharmaceutical business developing new treatments for serious and debilitating diseases, including rare genetic disorders, was one of the main detractors over the year. In September, the company reported that its Phase 3 REACH-COM clinical trial for AMO-02, a clinical stage investigational medicine for the treatment of Congenital Myotonic Dystrophy, did not meet its primary efficacy endpoint.

On the positive side, we are delighted with the progress of two of the portfolio's more recent life science investments: clinical-stage biopharmaceutical companies Carmot Therapeutics and Anthos Therapeutics. In December 2023, it was announced that Carmot had entered into a definitive agreement to be acquired by Roche, a global pharmaceutical company, at a purchase price of $2.7 billion upfront and the potential for $400 million in milestone payments. The transaction closed on 29 January 2024. This news has been reflected in the latest valuation (£4.3 million), which represents an uplift of 216% from the value as at 30 June 2023 (£1.3 million). Post year end, the Company received a $5.6 million (£4.5 million) distribution from the completed sale.

Meanwhile, the valuation in Anthos has increased, driven by the positive result of its Phase 2 ANT-006 ("AZALEA") study designed to compare Abelacimab's safety to leading DOAC standard-of care (Rivaroxaban) in a high bleeding-risk cohort of atrial fibrillation patients. In September 2023, Anthos announced that the AZALEA study of 1,287 patients with atrial fibrillation at moderate-to-high risk of stroke met its primary efficacy endpoint. The study was stopped early by recommendation from the Data Monitoring Committee due to an overwhelming reduction in the composite of major and clinically non-major bleeding in patients taking Abelacimab compared with patients taking Rivaroxaban. Abelacimab is the first and only Factor XI inhibitor to demonstrate an unprecedented reduction in major bleeding compared to a direct oral anticoagulants which are the current standard of care.

Overall, we are strongly encouraged by the progress made by this area of the portfolio, out of the 12 life science portfolio investments (shown below), 11 have reached clinical stage, of which two have been acquired, five have shown clinical proof of concept and one has been approved.

Development of life science investments

Holding	Lead candidate/ product	Indication	Discovery	Pre-clinical	Clinical - pre proof of concept	Clinical - post proof of concept	Application for market approval	Approval
CARMOT THERAPEUTICS	CT-388	Obesity						
ANTHOS	Abelacimab	Thrombosis prevention						
iOnctura	IOA-244	Uveal melanoma						
MEMO THERAPEUTICS	Anti-BKV	BKV infection						
Epsilogen	MOv18 IgE	Ovarian cancer						
A2 BIO	A2B530	Colorectal cancer						
araris	Anti-CD79b	Lymphoma						
OcuTerra THERAPEUTICS	OTT166	diabetic retinopathy						
NovaBiotics	NM002-IV	Pneumonia						
AMO PHARMA	AMO-02	Myotonic dystrophy						
kymab a sanofi company	KY1005	Atopic dermatitis						
CeQur	Simplicity insulin patch	Diabetes						

INOV investment point | Progress since investment | Acquired

Source: Schroders Capital, 2024. Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. Logos shown are the property of their own entities.

The portfolio also notably benefitted from:

(1) An additional £2.9 million deferred cash consideration that was received as part of the sale of a basket of seven assets to Rosetta Capital which originally completed in March 2021.

(2) A revaluation of the holding in Kymab to reflect the first milestone payment following the sale of Kymab to Sanofi which originally completed in April 2021.

Private equity growth holdings

The Company's growth holdings saw a decrease in value of 1.9% contributing –0.5% to the decrease in NAV per share over the 12-month period.

In November 2023, it was announced that UK app-based bank, Atom Bank, had raised £100 million in new equity capital from existing shareholders BBVA, Toscafund and Infinity Investment Partners, to accelerate lending and balance sheet growth as the bank continues to scale. Following this news, the Company's AIFM revalued the holding in Atom Bank to £23.1 million. This revaluation, which represented a discount to the valuation of the fundraise, resulted in a negative fair value impact of £8.6 million relative to the holding value as of 30 June 2023 and 31 December 2022 (£31.7 million). Whilst the valuation impact of this fundraise is disappointing in the short term, this significant investment should be viewed as a good signal of confidence in Atom Bank. The company now has the capital to scale up and demonstrate the operating efficiency of its platform. Although much work remains, Atom Bank is one step closer to a planned future liquidity event.

On the positive side, the Company's holdings in Ada Health, Revolut and Back Market were revalued upwards. As detailed in the Top 10 holdings, all three companies reported solid progress over the year. Revolut continued its rapid international expansion, growing the number of retail customers to over 35 million across 38 countries, with the expectation to achieve $2 billion (£1.7 billion) in revenue in 2023, an increase of over 80% year-on-year (FY22 revenue £923 million). Ada Health had a successful year achieving record revenue and becoming profitable. The company announced collaborations with Pfizer, the global pharmaceutical company, and Jefferson Health, Greater Philadelphia's largest health system. Meanwhile, Back Market has achieved and maintained profitability in mature markets such as France and Spain, while it continues its global expansion journey, focusing on US, UK, Germany and Japan.

Foreign exchange

Over the period, the fair value of investments denominated in United States Dollar, Euro and Norwegian Krone were negatively impacted by appreciation in the value of the British Pound Sterling. Meanwhile, the fair value of investments denominated in Swiss Franc were positively impacted by depreciation in the value of the British Pound Sterling relative to Swiss Francs.

Investment activity

Realisations

During the 12 months to 31 December 2023, the Company made realisations totalling £32.8 million. Public equity holdings in Johnson Matthey, Spirent Communications, Petershill Partners and IDEX Biometrics were exited, while positions in Oxford Nanopore and Immunocore were reduced.

Additionally, £5.2 million was received from the sale of Tessian, discussed above.

Furthermore, the Company received an additional deferred consideration of £2.9 million as part of the sale of a basket of seven assets to Rosetta Capital which completed in March 2021. The Company received total distributions of £0.7 million from the HP Environmental Technologies Fund following the successful sales of several portfolio companies in 2021 and 2022. The Company also sold its holding in healthcare company, Origin Inc, generating proceeds of less than £0.2 million. The holding was valued at zero as of 31 December 2022 resulting in a modest positive impact on performance.

After the period end, Roche's acquisition of Carmot completed (discussed below), while the Company also received a £4.6 million distribution related to the first milestone of the Kymab sale to Sanofi.

Investments

During the 12 months to 31 December 2023, the Company made investments totalling £22.8 million. These included six new holdings: two venture investments (Securiti and an AI software company (MMC SPV 3 LP)), two growth investments (AgroStar and Bizongo) and two life science investments (Carmot Therapeutics and Memo Therapeutics), as well as small follow-on investments or capital calls (£2.3 million) in iOnctura, Anthos Therapeutics and Epsilogen.

LIFE SCIENCES

Carmot Therapeutics

The Company completed a $1.7 million (£1.4 million) investment in US-based, clinical stage biopharmaceutical company, Carmot Therapeutics, Inc ("Carmot"), as part of its Series E financing round.

Carmot discovers and develops disease modifying therapies for people living with metabolic diseases. Utilising a pioneering drug discovery platform called Chemotype Evolution, Carmot identifies novel drug targets and develops a broad pipeline of experimental therapeutics with the aim of treating patients suffering from metabolic diseases, including obesity and diabetes.

The proceeds from the Series E round should support development of Carmot's broad clinical-stage metabolic pipeline including two Phase 2 trials of CT-388, a once weekly, injectable experimental therapeutic to treat patients with obesity and/or type 2 diabetes. In a phase I/II clinical trial, Carmot's lead therapeutic was found to be safe, well-tolerated, and produced more than 8% weight loss in four weeks in overweight and obese adults.

Deep Track Capital led a Series E financing round, which was also supported by a syndicate of new and existing healthcare investors including SAM Ventures, Franklin Templeton, Frazier Life Sciences, Janus Henderson Investors, RA Capital Management, Millennium Management, TCGX, The Column Group, Venrock Healthcare Capital Partners and Willett Advisors.

Carmot's pipeline of experimental therapeutics has the potential to significantly improve the quality of life for patients suffering from metabolic diseases, including obesity and diabetes. Schroders Capital's ability to access this restricted and oversubscribed funding round is testament to the network that our healthcare team has developed across the industry.

On 3 December 2023, it was announced that Carmot had entered into a definitive agreement to be acquired by Roche, a global pharmaceutical company, at a purchase price of $2.7 billion upfront and the potential for $400 million in milestone payments. Roche completed the acquisition of Carmot on 29 January 2024.

We chose to invest in Carmot based on its compelling assets, backed by robust clinical data and were delighted by the news of this sale, which has occurred earlier than expected, but which reflected the unique nature of Carmot's pipeline.

Memo Therapeutics

The Company made a commitment of CHF 0.9 million (£0.8 million) to Memo Therapeutics, a Switzerland-based clinical-stage biopharmaceutical company. The Company participated in Memo's Series C financing round, which raised CHF 25 million and was led by Pureos Bioventures. Existing investors Swisscanto, Vesalius Biocapital, Adjuvant Capital, Verve Ventures, GF Group, Fresenius Medical Care Ventures, and Red Alpine also joined the round. As of 31 December 2023, the Company had invested £0.5 million of its total commitment.

Memo develops novel therapeutic antibodies for patients with viral infections and cancer. Memo's unique antibody discovery and functional screening platform enables the identification, isolation, and selection of antibodies from patient samples or vaccinated animals. This technology helps Memo to discover antibodies with the potential to treat diseases using rare antibodies that other methods might miss.

The Series C funding should support Memo in completing the U.S. Phase II clinical development of their leading antibody, AntiBKV. This antibody is designed to neutralise BK virus (BKV) infection in kidney transplant recipients. BKV infection can have serious adverse effects on graft function and patient survival following a transplantation procedure. Currently there are no regulatory approved therapeutics to treat BVK infection in kidney transplant recipients. With Phase II clinical data expected in 2024, the funding should also enable Memo to prepare for large-scale manufacturing of AntiBKV for a Phase III study and potential market entry. Additionally, the investment should help Memo advance its pipeline of other experimental antibody therapeutics.

We believe Memo is a highly complementary addition to the company's portfolio. AntiBKV has solid pre-clinical efficacy and clinical safety data with near term Phase II clinical efficacy data expected in 2024. A positive phase II readout has the potential to drive a significant value inflection for Memo and may enable a material improvement in the quality of life for kidney transplant recipients with BKV infection.

VENTURE

Securiti

The Company made an $5.0 million (£3.9 million) investment in US-based cybersecurity company, Securiti. The company is the pioneer of the Data Command Center, a centralised platform that enables the safe use of data and GenAI. Its solution unifies controls for data security, privacy, governance and compliance in one place. This unification of data intelligence is revolutionising important but arduous processes, allowing organisations to retire disparate, legacy solutions which add cost and complexity.

Schroders Capital has known Securiti for a number of years, having been an investor since 2019 through our fund investments. We believe Securiti is playing a key role in transforming how organisations can innovate with vast quantities of data while meeting their data obligations.

AI software company (MMC SPV 3 LP)

The Company made an investment of $2.0 million (£1.7 million) into an early leader in an emerging segment of artificial intelligence (AI) software. The Company invested through its co-investment partner, MMC Ventures, via a single asset fund, MMC SPV 3 LP.

Schroders Capital has been investing in venture capital for over 25 years. Over that time, our team has seen various waves of technological innovation and witnessed first-hand the ripple effect through different sectors and regions. Our belief is that AI, most recently focused on the field of generative AI that has been enabled by the advent of large language models, has the potential for innovation and disruption on a scale comparable to the introduction of email, the internet and the smartphone. We see significant opportunity in the AI sector, justifying its position as one of our eight key global innovation themes. This investment, which forms part of our strategy of backing innovative venture-stage business, is in an access-restricted software company that is an early leader in an emerging application of AI. We are not currently able to name the company due to confidentiality, however, we believe it represents a highly complementary addition to the portfolio.

GROWTH

AgroStar

Over the period, the Company completed its first transaction in Asia with an $8.0 million (£6.6 million) investment in AgroStar (Ulink Agritech Pvt. Ltd.), one of India's foremost agricultural technology start-ups.

The investment formed 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 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 the domestic and international food supply chains.

Schroders Capital has known AgroStar for several years, having been an investor since 2021, and we believe the company has demonstrated exceptional growth by combining technology with strong agronomy capabilities to play an important role in the Indian agricultural sector.

Bizongo

The Company also made an investment of $8.0 million (£6.3 million) in India-based vendor digitisation company, Bizongo. This investment formed part of the $50.0 million Series E funding round that was led by Schroders Capital with participation from other investors including IFC, BCap, Chiratae Ventures, and British International Investment.

Bizongo, which was founded in 2015, is transforming supply chain operations for large enterprises, as well as for micro, small and medium enterprises ("MSME's") in India, through its foundational vendor digitisation platform. Bizongo enables vendors to source raw materials across a broad range of categories, including steel, aluminium and textiles, and to optimise their procurement processes. Customers leverage the Bizongo vendor digitisation platform to source suppliers, optimise for cost, seamlessly place orders, all whilst managing invoicing and order tracking in real-time. Bizongo has a capital efficient, inventory-free operating model, that connects vendors directly with suppliers. The vendor digitisation platform has seen a three-fold rise in its gross merchandise value, the total value of sales through the platform, from ~$215 million in FY22 to ~$750 million in FY23.

With its platform, the company has also opened doors to embedded financing through its network of more than 40 partner banks and non-banking financial corporations, who can evaluate MSMEs based on deep transactional and behavioural insights, allowing them to take better financing calls, and enabling MSMEs to scale their growth through efficient working capital.

Schroders Capital has been an investor in Bizongo since 2019, over which time we have seen the company grow exponentially, achieve scale, and expand into more sectors. We believe the company is playing a transformational role in enabling vendors in India to digitalise their supply chain, which has accelerated since the COVID-19 pandemic. We are excited that the Company is now participating in Bizongo's future growth.

Outlook

The core tenets of the strategy pursued in 2023 remain unchanged in 2024. We continue to work closely with portfolio company management teams, co-investors, and other stakeholders to support business growth and a path to profitability. Below we look at the outlook across the four different strategies:

Growth

With an increasing percentage of the private equity portfolio, particularly within the growth strategy, now valued on a multiples-based approach as detailed in the Valuation Approach and Process section, we are hopeful that during the year the portfolio will benefit from underlying financial growth being more readily reflected in quarterly valuations. We are also cautiously optimistic that this effect will be compounded by improving market conditions giving rise to a more favourable valuation and exit environment.

Of the seven growth holdings in the portfolio: all generate scalable commercial revenues, four are profitable, five are fully funded based on their latest business plan, and none need to raise capital during 2024. We expect exits from this segment of the portfolio to start materialising from 2026 onwards, so the near-term focus is on capital efficient growth.

Atom Bank, the second largest holding, aims to focus on productively deploying the capital from its recent fundraise, accelerating mortgage and business lending, and expanding its deposit base. Atom operates in highly competitive markets dominated by large established banks, however this fresh capital is expected to allow the bank sufficient scale to demonstrate the operational efficiency of its digital-first model, a key requirement for any future potential liquidity event.

Key factors for success in 2024 will include Revolut and Back Market delivering against their ambitious international expansion plans, AgroStar and Bizongo, our latest growth-stage investments in India, leveraging recent funding rounds to expand domestically, investing in new product innovation and continuing to expand their services to customers, and Ada Health replicating the success of partnerships signed with Pfizer and Jefferson Health in 2023.

Venture

The venture segment of the portfolio by design is where we expect to see the highest level of risk and therefore widest dispersion of returns (excluding life sciences) and 2024 is likely to be no different. These holdings are the hardest to value, often requiring a milestone-based approach which, at times, can result in large swings in valuation.

Of the nine venture holdings in the portfolio: four generate scalable commercial revenues, all are unprofitable, two are fully funded based on their latest business plan and only one needs to raise further capital during 2024.

Key factors for success in 2024 are expected to include Reaction Engines commercialising spin-off technologies from its core heat exchanger programme, Nexeon making progress with building its first commercial scale production plant and Federated Wireless driving further commercial and federal traction enabling it to continue to scale.

Life sciences

We expect several portfolio biotech companies to experience value inflections based on their ongoing clinical trials and potential market approvals. Autolus, which is classified as a public company, is awaiting market approval in the US, EU, and UK for Obe-cel, a treatment for relapsed/refractory Acute Lymphocytic Leukaemia expected in Q2. Additionally, results from the Phase 1 clinical trial for Obe-cel in B-cell Non-Hodgkin Lymphoma and Chronic Lymphocytic Leukaemia are expected in Q4. Phase 1 clinical trials results are also expected in Q4 for Obe-cel in the treatment of primary CNS Lymphoma, allogenic Obe-cell for B-cell malignancies, and AUTO8 for multiple myeloma.

OcuTerra is conducting a Phase 2 clinical trial for OTT166 in adults with Diabetic retinopathy, and results from this trial are anticipated by Q2. Immunocore are seeking to release additional Phase 1 clinical data for IMC-F106C, a treatment for multiple solid tumour types between Q2 and Q4. Anthos, which received positive results in Q4 2023 from a Phase 2 clinical trial for its thrombosis prophylaxis Abelacimab we believe may lead to potential mergers and acquisitions during the year.

iOnctura's Phase 1 clinical trial for IOA-244 is expected to be completed by Q4. This trial aims to evaluate the efficacy of IOA-244 in treating patients with Uveal Melanoma, Cutaneous Melanoma, Mesothelioma, Myelofibrosis, Non-Hodgkin Lymphoma, and Non-Small Cell Lung Cancer ("NSCLC"). Memo Therapeutics may release data from its ongoing pivotal Phase 2/3 clinical trial for its therapeutic antibody AntiBVK for the treatment BK virus infection in kidney transplant recipients in Q4. Epsilogen is expected to initiate Phase 2 clinical trials for its lead therapeutic Mov18 in patients with advanced solid tumours. Lastly, A2 Bio may release Phase 1 data for A2B530, a treatment for CEA positive solid tumours by year end.

Public equities

We expect the public equity portfolio, principally Oxford Nanopore, to remain volatile as the valuation environment for loss-making, growth focused listed companies remains unforgiving. During 2024, Oxford Nanopore will focus on increasing LSRT sales, developing new clinical and applied applications of its technology, and winning new large scale genetic sequencing projects. The company aims to achieve greater than 30% growth in underlying LSRT revenue, expand gross margins through operating efficiency gains, demonstrate progress on its path to profitability and ease concerns of any further future capital needs that would be dilutive to shareholders.

Rebalancing & diversification

With only 30% of equities as of 31 December 2023 representing investments made by Schroders, we continue to seek to maximise the sale proceeds from holdings, both public and private, as part of the rebalancing exercise to ensure sufficient liquidity (cash and liquid public equities) to efficiently execute the buyback programme, support the portfolio and make new investments.

We expect diversification to be a key topic for 2024. As capital availability allows, we seek to target new investments that align with our three strategies (venture, growth and life sciences) with the aim of building a diversified portfolio which more appropriately balances the risk of each strategy. This goal remains a moving target with the requirements of the buyback programme and uncertain timing of potential future exits, however our direction of travel is clear. However, with private markets lagging those of public equities, we see a compelling opportunity to continue making new investments at attractive entry prices.

Schroders Capital remains committed to the Company and delivering long-term value for shareholders.

Tim Creed and Harry Raikes
Portfolio Managers
27 March 2024

Top 10 investments

The Company's top ten investments as of 31 December 2023 compared with the respective holdings as of 31 December 2022.

		31 December 2022		31 December 2023	
Portfolio company	Strategy	Value (£'000)	% of total equities	Value (£'000)	% of total equities
Oxford Nanopore	Public	56,529	23.3	41,669	20.8
Atom Bank	Growth	31,686	13.1	23,105	11.5
HP Environmental Technologies	Growth	10,700	4.4	10,918	5.4
Reaction Engines	Venture	12,500	5.2	10,625	5.3
Ada Health	Growth	7,122	2.9	9,638	4.8
Back Market	Growth	7,329	3.0	8,839	4.4
Autolus Therapeutics	Public	2,642	1.1	8,463	4.2
Revolut	Growth	5,436	2.3	7,888	3.9
AgroStar	Growth	-	-	7,279	3.6
Nexeon	Venture	6,505	2.7	7,039	3.5

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.

ONT had a mixed 2023 with key highlights including:

- In September, ONT released its interim results for the six months ended 30 June 2023:
  - LSRT revenue increased 22% year-on-year to £86 million.
  - Underlying LSRT revenue growth, excluding revenue from the Emirati Genome Program ("EGP") and COVID-19 sequencing, expected to be ~46% on constant currency basis.
  - Adjusted EBITDA loss of £39 million which aligned with market consensus.
- In October, ONT announced various updates as part of its Capital Markets Day including:
  - Signing a multi-year joint development collaboration with Mayo Clinic, the renowned academic medical centre.
  - Securing a strategic investment from bioMerieux, a leading company in the field of in vitro diagnostics.
  - Progress advancing the technology from research into clinical and applied industrial markets targeted at 10-20% of revenue by FY26.
- After the period end, in January 2024, ONT released its FY23 trading update outlining:
  - LSRT revenue increased 15% year-on-year to £169 million towards the lower end of previous guidance.
  - Performance in the fourth quarter was impacted by slower than expected ramp-up of certain new customers, which management expect to fall into FY24, and a slowdown of growth in China and the Middle East following the issuance of the recent US semiconductor trade rule further regulating sales of advanced AI semiconductors.
  - An agreement to replace and supersede its existing purchase agreement with G42 Laboratories in support of the EGP - the new agreement will remove the outstanding purchase commitment and extends the expiration date until 31 December 2026.
  - Reiterated medium-term guidance including underlying revenue growth of more than 30% per annum (on a constant currency basis), gross margin of greater than 65% and the target for adjusted EBITDA breakeven by the end of 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 July 2023, Atom Bank published its FY23 annual report for the 12-month period to 31 March 2023 reporting its first annual operating profit of £4.2 million. Key highlights included:

- Customer numbers increased 82% from 123,000 to 224,000 whilst maintaining industry leading customer reviews.
- Customer deposits increased 105% from £3.2 billion to £6.6 billion with rising interest rates incentivising UK consumers to switch into the company's competitively priced products.
- Loans under management increased 4% from £3.3 billion to £3.4 billion with new lending slowing through the middle of the year due to volatility in market rates.
- Net interest income increased 62% from £47 million to £76 million due to balance sheet growth and improving spreads against a backdrop of rapidly rising base rates.
- Net interest margin, calculated as net interest income divided by average total loans for the period over which it was generated, declined from 2.93% to 2.84%. Despite an improving yield on lending assets, the result was lower than the prior year due to the comparatively lower yield on cash.

In November 2023, Atom Bank announced it had raised £100 million in new equity capital from existing shareholders BBVA, Toscafund and Infinity Investment Partners. The funds are expected to be used to accelerate lending and balance sheet growth as the bank continues to scale. Whilst the valuation impact of this fundraise is disappointing in the short term, this significant investment is a good signal of confidence in Atom Bank. The company now has the capital to scale up and demonstrate the operating efficiency of its platform. Although much work remains, Atom Bank is one step closer to a planned future liquidity event.

HP Environmental Technologies

Fund that invests in emerging environmental technologies

The HP Environmental Technologies Fund invests in emerging environmental technologies working to solve some of the most important environmental challenges faced by the world today. The Fund was seeded through the secondary purchase of a portfolio of seven leading environmental technology companies and seeks primary investment opportunities that arise from efforts to reduce our impact on the planet and move towards solving important environmental challenges.

Key portfolio updates in 2023:

- Bluewater Bio
  - Throughout 2023, Bluewater Bio continued to roll out its FilterClear technology across the UK as a core part of water companies' phosphorous removal programmes which are essential to maintaining the health of our streams, rivers and lakes.
  - In addition, Bluewater's HYBACS (HYBrid ACtivated Sludge) technology continued to perform in the UK, Middle East and South Africa, providing millions of tonnes of water for reuse, saving energy and reducing pollution.
- P2i
  - P2i protected over 100 million electronic devices with its nano-coating in 2023, enhancing the quality of these devices and at the same time reducing waste and the amount of rare earth metals used, and generating significant carbon savings.
  - In March 2023, P2i was proud to be part of the official launch of the United Electronics Coating Association ("UECA"), whose formation P2i had spearheaded. The UECA was established to support, develop and deliver to markets sustainable electronic coating solutions in line with the principles of the Circular Economy, recyclable electronics, and re-usability.
- Iceotope
  - In February 2023, Iceotope announced the availability of KUL Extreme, a fully integrated and standardised open radio access network architecture solution to support far edge computing across the entire telecommunications data centre estate. The product is a result of a close collaboration between Iceotope, Hewlett Packard Enterprise, Intel, and nVent to significantly reduce energy consumption and deliver a sustainable solution across distributed workloads, for both telco service providers and enterprises.
  - In September 2023, BT Group announced that it aims to trial 'precision liquid cooled' networks switches using a solution provided by Iceotope and Juniper Networks QFX Series Switches, which are widely used in existing network cloud architectures.

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.

- In January 2023, Reaction Engines announced a further £40 million funding round led by Strategic Development Fund, the investment arm of UAE's Tawazun Council.
- In February 2023, the company announced that it had joined the Thermal Management for Hybrid Electric Regional Aircraft consortium, a pan-European consortium led by Honeywell, which is researching and developing thermal management components and architectures for next-generation narrow body and regional, hybrid-electric aircraft.
- In June 2023, the company announced its participation in projects RACHEL and LH2GT, two cutting-edge projects developing technologies for the use of liquid hydrogen fuel in aviation, led by Rolls-Royce and funded by the UK government's Aerospace Technology Institute.
- In August 2023, it was announced that the company had been awarded funding to further a UK/US collaboration under the UK Space Agency's International Bilateral Fund.

Ada Health

Global digital health company focused on improving human health at scale

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

2023 was a very successful year for Ada Health, with the company achieving record revenues and becoming profitable at an EBITDA level. The year was marked by many highlights, including:

- In January 2023, it was announced that Ada Health and Pfizer were collaborating to launch a nationwide online COVID-19 Care Journey, operated by Ada, to help connect patients with timely treatment.
- In April 2023, Ada announced a new collaboration with Jefferson Health, Greater Philadelphia's largest health system comprised of 18 hospitals and more than 50 outpatient facilities across Pennsylvania and New Jersey.
- In June 2023, the company announced that it had secured €30 million to advance global growth. The agreement between Ada Health and IPF Partners represented up to €30 million of debt borrowing and reinforced Ada Health's financial runway through 2024 and beyond as the company steers toward profitability. The funding enabled continued investment in product enhancement and development, user growth, and commercial traction with leading health systems, governments, and life sciences organisations. Initially, Ada Health intend to only draw part of the committed funding.
- In September 2023, Ada Health launched a new collaboration to provide medical advice and care guidance for mothers across South Africa.
- In October 2023, the company launched a COVID-19 risk and therapy screener to help people across Germany understand their risks.

Back Market

Global marketplace for refurbished devices

Back Market is a leading online marketplace dedicated to refurbished devices. The company's mission is to make restored devices mainstream. Back Market works with professional refurbishers to guarantee that every device has been tested and restored to perfect working condition according to industry standards.

- In April 2023, Back Market announced that it had received B Corp status. This means that from their environmental impact to their hiring practice, they are working toward a more inclusive and sustainable economy. B Corp is a third-party certification for "businesses meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials."
- Back Market now has over 1,500 professional sellers on the platform backed by a solid ranking system.
- Profitability has been achieved and maintained in mature markets such as France and Spain, with the company continuing on its global expansion journey, with focus on US, UK, Germany and Japan.
- Looking forward, Back Market aims to focus on diversifying into new categories, increasing buyback and recycling activity and furthering partnerships with telcos.

Autolus

Clinical-stage biopharmaceutical company developing next-generation, programmed T-cell therapies for the treatment of cancer

Autolus is a CAR T-cell therapy company. The company applies its extensive programming capabilities to develop advanced autologous T-cell therapies that have the potential to deliver life-changing benefits to cancer patients.

- The company presented positive results from a pivotal Phase 2 clinical trial for OBE-CELL, aimed at patients with relapsed/refractory adult B-cell Acute Lymphoblastic Leukaemia. These results were presented at the American Society of Hematology in May and December 2023.
- In November 2023, the company filed a Biologics License Application with the FDA, seeking US regulatory market approval.
- Elsewhere in their pipeline, the company reported in April 2023 that AUTO1/22 showed complete responses and no antigen negative relapse in responding patients with Acute Lymphoblastic Leukaemia in a Phase I study.
- In June 2023, the company reported that AUTO4 demonstrated responses in all four treated patients with relapsed/refractory TRBC1-positive Peripheral T-cell Lymphoma. AUTO4 was well tolerated with no dose-limiting toxicities. Two of these patients showed a complete metabolic response at the highest doses.

Revolut

Global neobank and financial technology company

Revolut is a fintech firm that provides banking and payment services. The company offers multi-currency cards and a mobile app that includes currency exchange, peer-to-peer payment and bank transfer solutions. It also offers personal and business banking solutions.

In December 2023, Revolut released its annual report for 2022 providing greater detail on progress in the prior year:

- Number of retail customers increased 60% year-on-year to 26.2 million, including a 55% increase in customers on paid plans, and during the course of 2023, the number of retail customers later surpassed 35 million customers across 38 countries.
- Number of monthly transactions increased 71% to 341 million.
- Deposits increased 71% to £12.6 billion.
- Revenue increased 45% to £923 million.
- Number of employees increased 112% to 5,913.
- During the year, Revolut continued to pursue its global expansion across a number of markets:
  - North America: United States.
  - Asia-Pacific: Australia, Singapore, Japan and New Zealand (launched in July 2023).
  - Latin America: Brazil (launched in May 2023) and Mexico.
- The company reiterated its commitment to its ongoing UK banking licence application.
- Expects to hit $2 billion (£1.7 billion) in revenue and double-digit net profit margin for 2023.

AgroStar

One of India's foremost agricultural technology (AgTech) start-ups

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 global markets to sell their produce.

AgroStar made good progress in 2023. The private label business grew by 60% year-on-year and expanded into five new Indian states. The company added multiple new crops to the produce portfolio and forayed into new geographies with partnerships with marquee global brands. Key highlights included:

- Served more than 1.4 million farmers in 2023 across channels.
- Farmer App continues to be well rated on the app store and had >1.5 million new downloads in 2023.
- Expansion of footprint to five new Indian states including Bihar, Haryana, Karnataka, Andhra Pradesh and Telangana.
- Added over 3,000 new stores in CY23 and now have 7,000+ Saathi stores distributing AgroStar products across 10 Indian states.
- Export of over 80,000 metric tonnes of fresh produce from Indian farmers to global markets in 2023.
- Added new crops (guava and melons) to the offering in 2023.

Nexeon

Leader in engineered silicon materials for battery applications

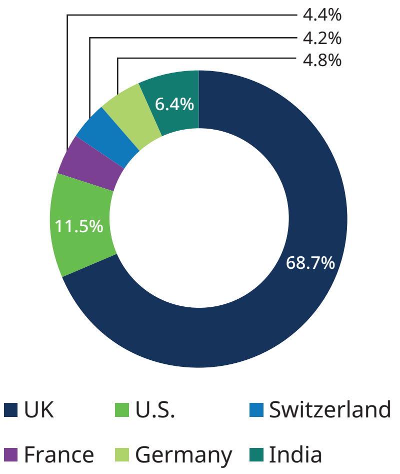
Nexeon is a global leader in the development and manufacturing of ground-breaking, silicon-based anode materials, dramatically enhancing the performance of Lithium-Ion batteries.

- In July 2023, Nexeon announced that it had entered into a long-term partnership with Panasonic to supply its advanced silicon-based anode material, which has the potential to catapult the energy density of lithium-ion cells. This technology redefines the limits of energy density and enables a new era of enhanced battery performance.
- In August 2023, the company announced that it had signed an agreement for its first commercial volume production site and secured a raw material supply chain for silicon anodes. This represented a significant step towards delivery of cost-efficient silicon anode materials for energy dense batteries.

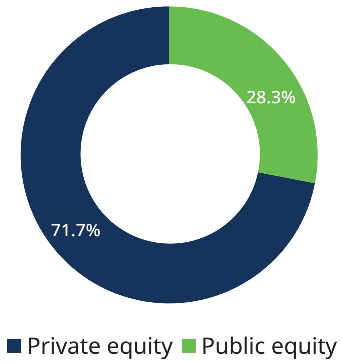
Investment Portfolio
as at 31 December 2023

Portfolio composition

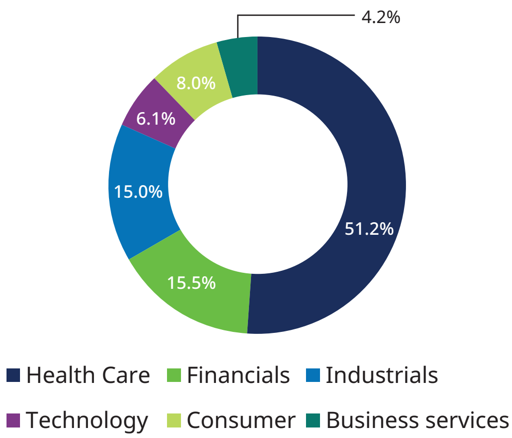
Portfolio by geography*
% of total equities[1]



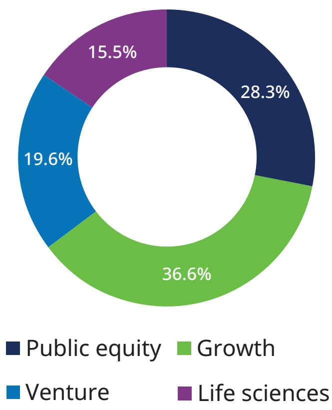
Portfolio by public equity and private equity
% of total equities[1]



Portfolio by sector
% of total equities[1]



Portfolio by strategy/stage
% of total equities[1]



Source: Schroders. Figures have been rounded to nearest %.
* Based on country of risk.
[1] Excluding money market funds

The 20 largest investments account for 91.1% of total investments by value (31 December 2022: 93.4%).

Holding	Quoted/unquoted	Strategy	Industry sector	Fair value £'000	Total investments %
Equities					
Oxford Nanopore[1]	Quoted	Public	Health Care	41,669	19.8
Atom Bank[1]	Unquoted	Growth	Financials	23,105	11.0
HP Environmental Technologies Fund[1]	Unquoted	Growth	Industrials	10,918	5.2
Reaction Engines[1]	Unquoted	Venture	Industrials	10,625	5.1
Ada Health	Unquoted	Growth	Health Care	9,638	4.6
Back Market[2]	Unquoted	Growth	Consumer	8,839	4.2
Autolus Therapeutics[1]	Quoted	Public	Health Care	8,463	4.0
Revolut LLP[3]	Unquoted	Growth	Financials	7,888	3.8
AgroStar[4]	Unquoted	Growth	Technology	7,279	3.5
Nexeon[1]	Unquoted	Venture	Industrials	7,039	3.4
Federated Wireless[1]	Unquoted	Venture	Technology	6,392	3.0
Kymab[1]	Unquoted	Life sciences	Health Care	6,370	3.0
Bizongo[5]	Unquoted	Growth	Technology	5,585	2.7
Genomics[1]	Unquoted	Venture	Health Care	5,139	2.4
Cequr[1]	Unquoted	Life sciences	Health Care	4,956	2.4
OcuTerra[1]	Unquoted	Life sciences	Health Care	4,804	2.3
Immunocore[1]	Quoted	Public	Health Care	4,437	2.1
Carmot Therapeutics	Unquoted	Life sciences	Health Care	4,262	2.0
Securiti	Unquoted	Venture	Technology	4,210	2.0
Attest Technologies	Unquoted	Venture	Business Services	2,870	1.4
Anthos Therapeutics	Unquoted	Life sciences	Health Care	2,440	1.2
BenevolentAI[1,6]	Quoted	Public	Health Care	2,176	1.0
Epsilogen	Unquoted	Life sciences	Health Care	2,047	1.0
MMC SPV 3 LP[7]	Unquoted	Venture	Technology	1,651	0.8
Araris Biotech	Unquoted	Life sciences	Health Care	1,482	0.7
iOnctura	Unquoted	Life sciences	Health Care	1,399	0.7
AMO Pharma[1]	Unquoted	Life sciences	Health Care	1,350	0.6
Industrial Heat[1]	Unquoted	Venture	Industrials	1,306	0.6
A2 Biotherapeutics	Unquoted	Life sciences	Health Care	914	0.4
Memo Therapeutics	Unquoted	Life sciences	Health Care	558	0.3
Novabiotics[1]	Unquoted	Life sciences	Health Care	457	0.2
Econic[1]	Unquoted	Venture	Industrials	58	–
ARC Group[1]	Quoted	Public	Business Services	34	–
Freevolt (formerly Drayson)[1]	Unquoted	Venture	Technology	–	–
Just Benchmarks[1]	Unquoted	Venture	Financials	–	–
Mafic[1]	Unquoted	Venture	Industrials	–	–
Metaboards[1]	Unquoted	Venture	Technology	–	–
Mereo BioPharma Group[1]	Quoted	Life sciences	Health Care	–	–
EVOFEM Biosciences[1]	Unquoted	Life sciences	Health Care	–	–
Halosource[1]	Unquoted	Venture	Industrials	–	–
Bodle Technologies[1]	Unquoted	Venture	Technology	–	–

Investment Portfolio
as at 31 December 2023
continued

Holding	Quoted/unquoted	Strategy	Industry sector	Fair value £'000	Total investments %
Rutherford Health[1]	Unquoted	Venture	Health Care	–	–
Lignia Wood[1]	Unquoted	Venture	Industrials	–	–
Oxsybio[1]	Unquoted	Life sciences	Health Care	–	–
Spin Memory[1]	Unquoted	Venture	Technology	–	–
Kind Consumer[1]	Unquoted	Venture	Consumer Staples	–	–
Total equities				**200,360**	**95.4**
Money market funds					
Schroder Special Situations – Sterling Liquidity Plus Fund	Quoted	Cash	Collectives	9,733	4.6
Total money market funds				**9,733**	**4.6**
Total investments[8]				**210,093**	**100.0**

[1] Assets inherited from the previous portfolio manager.
[2] Back Market is held via the Company's holding in Sprints Capital Ellison LP, a single asset fund.
[3] Revolut is held via the Company's holding in Target Global Selected Opportunities, LLC – Series Space, a single asset fund.
[4] AgroStar is held via the Company's holding in Schroders Capital Private Equity Asia Mauri VIII Ltd, a single asset fund.
[5] Bizongo is held via the Company's holding in Schroders Capital Private Equity Asia Maurit V Ltd, a single asset fund.
[6] BenevolentAI is quoted, but the market is inactive. Thus its valuation has been determined in accordance with the process followed for unquoted assets.
[7] MMC SPV 3 LP is a single asset fund that holds an AI software company.
[8] Total investments comprise:

	£'000	%
Unquoted	143,581	68.5
Listed on the London Stock Exchange	41,669	19.8
Listed on a recognised stock exchange overseas	15,110	7.1
Collective investment scheme	9,733	4.6
Total	**210,093**	**100.0**

Additional details of unquoted, including investments quoted in inactive markets, in the top 10 holdings

Holding	Description of business	Cost £'000	Fair value £'000	Turnover for the latest audited financial year £'000	Pre-tax profit/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	23,105	209,107	10,097	283,134
HP Environmental Technologies Fund	Portfolio of venture and growth-stage industrial companies	3,369	10,918	N/P[1]	N/P[1]	N/P[1]
Reaction Engines	Developer of engine technologies to enable space and hypersonic travel	10,000	10,625	4,743	(28,744)	32,144
Ada Health	Develops an artificial intelligence powered personal health guide	10,028	9,638	N/P[1]	N/P[1]	N/P[1]
Back Market	Online marketplace for refurbished devices	10,032	8,839	N/P[1]	N/P[1]	N/P[1]
Revolut LLP	Provides a digital banking solution	9,849	7,888	922,547	25,418	1,171,333
AgroStar	Manufactures and distributes organic fertilisers	6,581	7,279	N/P[1]	N/P[1]	N/P[1]
Nexeon	Develops silicon materials for battery applications	4,944	7,039	4,359	(7073)	99,282

[1] Information not publicly available.

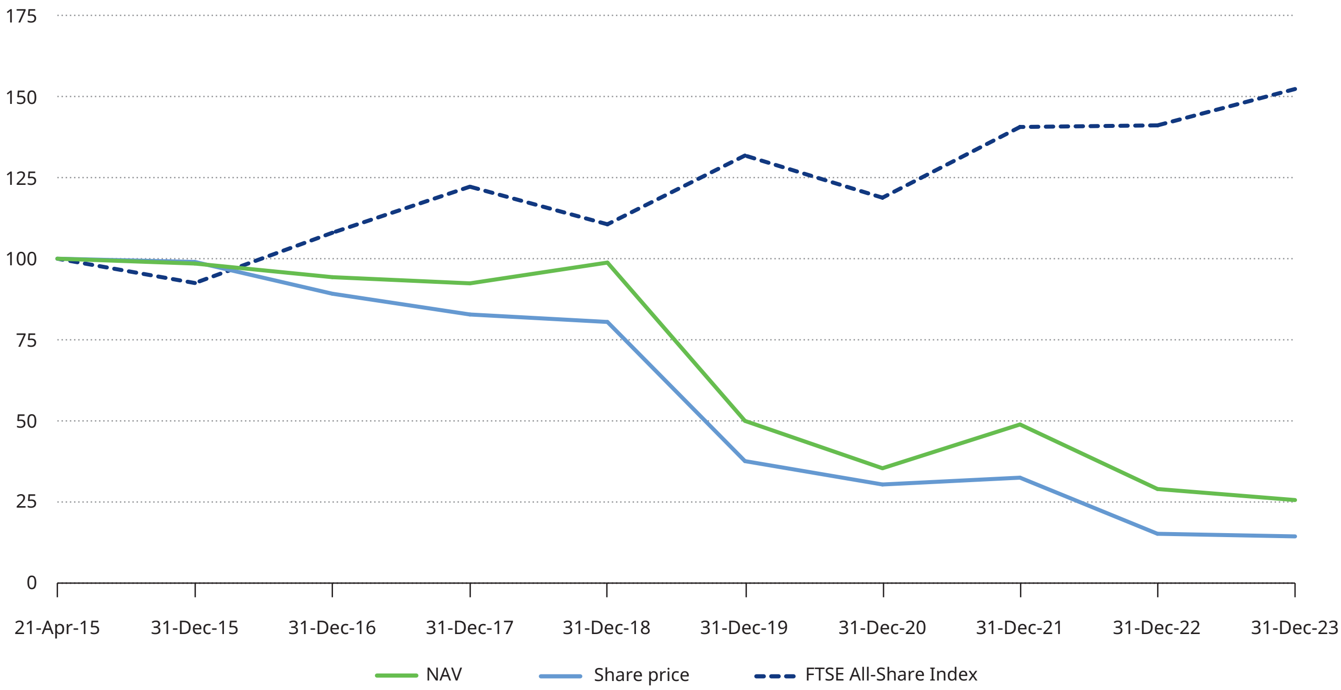
Long Term Financial Record

At 31 December	21 April 2015 (launch date)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shareholders' funds (£'000)	790,640	805,264	771,093	755,295	807,200	449,429	318,069	436,871	257,922	**217,064**
NAV per share (pence)	98.83	97.37	93.24	91.33	97.61	49.46	35.00	48.08	28.52	**25.32**
Share price (pence)	102.00	101.00	91.00	84.45	82.10	38.35	31.00	33.10	15.47	**14.65**
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	**42.1**
(Net cash)/gearing (%)[1]	–	(1.5)	9.7	19.8	18.6	24.6	31.6	0.7	(6.3)	**(1.3)**

For the year ended 31 December	2015[2]	2016	2017	2018	2019	2020	2021	2022	2023
Net revenue return/(loss) after taxation (£'000)	1,538	(711)	(3,441)	(3,847)	(5,956)	(5,072)	(5,315)	(3,051)	**(1,825)**
Revenue return/(loss) per share (pence)	0.25	(0.09)	(0.42)	(0.47)	(0.67)	(0.56)	(0.58)	(0.34)	**(0.20)**
Dividend per share (pence)	0.16	–	–	–	–	–	–	–	**–**
Ongoing charges (%)[1]	0.10	0.20	0.18	0.17	0.43	0.74	1.21	0.98	**1.08**

[1] Alternative Performance Measures. Further details can be found on pages 88 and 89.
[2] Represents the period from 21 April 2015 (the date on which the Company began investing) to 31 December 2015.

NAV per share, share price total return versus FTSE All-Share Index total return for the period from 21 April 2015 (launch date) to 31 December 2023



Schroder Investment Management Limited took over investment management responsibilities in December 2019.
Source: Morningstar/Thomson Reuters. Rebased to 100 at 21 April 2015.

Investment team

Schroders Capital's private equity business comprises over 180 professionals and has been managing private equity on behalf of investors globally since 1997. It is responsible for managing c.$17 billion of assets (as at 31 December 2023), providing investors with access to a broad range of private equity, including venture capital, growth and buyout investment opportunities, across a number of investment programmes, including a successful, long-standing Global Innovation programme.

The Company's core investment team consists of six investment professionals, outlined below. This core team draws on the extensive capabilities of the Schroders organisation more broadly.

Tim Creed
Lead Portfolio Manager

Harry Raikes
Co-Portfolio Manager

Erwin Boos
Senior Investment Director

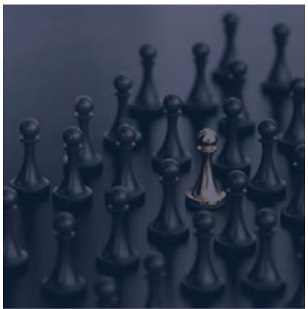
Paul Lamacraft
Senior Investment Director

Vahit Alili
Senior Investment Director

Chad Brokopp
Investment Manager

The Investment Manager aims to identify private equity investments globally in innovative companies that represent an optimal combination of best-in-class products/services/technology, significant growth potential, high-calibre management teams and value-add co-investors. In short, the Investment Manager is seeking out ground-breaking 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.

What your Investment Manager is looking for when making investment for the Company



Best-in-class products/services/ technology

Significant growth potential, underpinned by secular trends

Managed by a world-class management team

Investing alongside, high quality, value-add co-investors

The Investment Manager's long-term investment strategy is focused on pursuing opportunities in private companies across three strategies: life sciences, venture and growth, which is illustrated in the below figure.

Long-term investment strategy comprised of three strategies

	LIFE SCIENCES	VENTURE	GROWTH
	– Focused on **biotech and life science opportunities.** – 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).	– Focused on **venture-stage companies with early revenues.** – Will typically have **initial customers, unproven unit economics** and **raising capital to invest in their product/technology and go-to-market strategy.** – **Prudent reserving** with typical initial investments of ~£4m with 1:1 reserve ratio.	– Focused on more **mature growth-stage companies that have achieved scaled revenues.** – Will typically have **established customers, proven unit economics** and **raising capital to invest for growth.** – **Prudent reserving** with typical initial investments of ~£10m with 1:0.5 reserve ratio.
Typical investment profiles			
Series[1]	Series B	Series A/B	Series C/D
Enterprise value[2]	<£250m	<£500m	>£500m
Annual revenue growth[3]	N/A	>50%	>30%
Unit economics[4]	N/A	Unproven	Proven
Key risk factors[5]	Pipeline/platform risk	Technology/product, market fit	Competition, valuation
Example portfolio companies	ANTHOS, CARMOT THERAPEUTICS	Attest, securiti	AgroStar, Revolut

Source: Schroders Capital, 2024. Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell. Forecasts and estimates may not be realised. Logos shown are the property of their own entities.

[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.

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, the Investment Manager believes it can access higher potential returns. It 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.

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 Investment 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 Investment Manager applies a thematic lens based on long-term secular trends, focusing on eight key areas where the team is uncovering, attractive, innovative business in which to invest (see below), from artificial intelligence to biotechnology discovery platforms. The Investment Manager believes 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.

Eight innovation themes

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-firs

Infra software
- Data analytics
- Cloud computing
- Open source

Vertical SaaS
- Sector specialists
- Enterprise software platforms

Oncology
- Immuno-oncology
- Undruggable targets

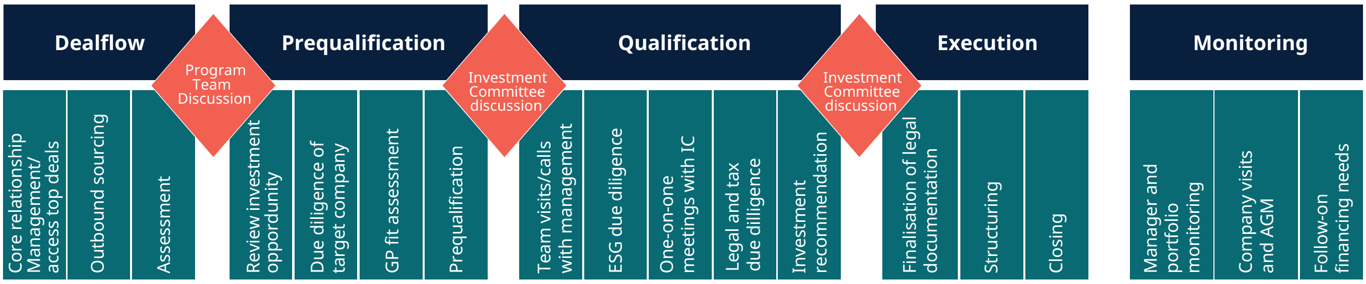
Biotech discovery platforms
- Cell/gene therapies
- Small molecules

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 specialisation, 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 characterised by three main principles:

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



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 four mainstays:

1. Preferred co-investment partner of a significant number of high-quality General Partners ("GP") to whom Schroders Capital is an important limited partner;
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'; and
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 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 endeavours 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 Schroders Capital Global Investment Committee (the "IC") for preliminary discussion (pre-qualification). The IC provides input and can progress or veto the opportunity. This committee, consisting of Head of Private Equity Investments, Head of Investment Risk and Monitoring, Head of Private Equity, Chief Investment Officer and Head of Global Private Equity Portfolios, is required to approve new company investment proposals.

Qualification

Between the pre-qualification and the final IC recommendation, the Deal Team completes additional due diligence to address concerns and outstanding topics.

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

The Deal Team discusses outstanding questions with the region/segment team, the Company's core 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 GP and management team). Additionally, assessing the fit of the GP 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 finalisation 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 Investment 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 Investment 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 board meetings. 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 produce up-to-date portfolio performance expectations.

Post investment management also involves active value creation. The Investment 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.

The investment team take a fundamental approach at all times, seeking businesses that they believe are set to deliver strong returns for the long term. Furthermore, the investment team 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 Investment 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 investment 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 and Monitoring, Schroders' Head of Financial Risk Management, Schroders' Head of Investment Risk for Private Equity and Insurance Linked Securities, 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 transition, outline current and future liquidity status, as well as discuss portfolio holding rationales.

Responsible investment

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

In addition to the description of the Investment Manager's integration of ESG into the investment process on pages 28 and 29, a description of the Manager's policy, and its engagement with investee companies on these matters, can be found on the Schroders' website at https://www.schroders.com/en/sustainability/active-ownership/.

The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website. The Board has received reporting from the Manager on the application of its policy.

ESG integration

Schroders Capital's private equity investment team adopts sustainable investing practices as an integral part of identifying, assessing and monitoring portfolio companies. It believes that these practices enhance the long-term value of private equity investments and benefits all stakeholders including shareholders, employees, clients, and the communities in which it operates. Its commitment to sustainability applies to all private equity investments, including direct and indirect holdings, and the firms it partners with. Furthermore, it 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.

As Investment Manager of the Company, the 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. Investments are made either directly into the share capital of the target company, or as co-investments through a SPV created by another fund manager/GP. Many of the companies that Schroders Capital focuses on for this Company are commercialising research and innovation. It follows from this that the team is 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 can have positive and negative societal and environmental outcomes (e.g. life sciences and the treatment of disease). Through its ESG risk assessment and monitoring, Schroders Capital aims to minimise those negative outcomes, and encourage increasing positive outcomes.

For all investments, Schroders Capital assesses ESG 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 return expectations through the active search for sustainability leaders (positive selection), (2) managing downside ESG related risks and exclusion of certain business activities and industries, and (3) actively seeking increased adoption of sustainable investment practices and standards among portfolio companies through assessment, engagement, monitoring and reporting.

Engagement

The team engages with each of the Company's underlying portfolio companies, and/or with Schroders Capital's 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 company board meetings as an observer. 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/source of primary engagement across the Company's top holdings.

Portfolio company	Engagement
Atom Bank	Board observer
HP Environmental Technologies	Limited Partner Advisory (LPAC) member
Reaction Engines	Board observer
Ada Health	Board observer
Back Market	Co-investment – primary engagement through Sprints Capital
Revolut	Co-investment – primary engagement through several managers where Schroders Capital has look-through exposure
AgroStar	Board observer

Engagement examples from 2023

Over 2023, 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.

ada

Company background

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

nexeon

Company background

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	– In 2022 Nexeon's management team was presented with a blueprint report on how formally to set up a corporate sustainability strategy – In 2023, Nexeon formally appointed a senior management member with responsibility for setting up a programme and reporting. Schroders Capital further encouraged the specific foundation pillars, including the importance of environmental product life cycle assessments
Outcome	– The investment team continues to engage with the management team to ensure execution of initiatives recommended in the sustainability blueprint report

The Company's AIFM conducts valuations for the portfolio holdings on a quarterly basis. Investments that are quoted on an exchange are typically 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. Each quarter, the Audit, Risk and Valuation 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.

Investments in shares that are not quoted on any stock exchange (unquoted investments) represent a significant part of the Company's portfolio and may include common stock, preferred stock, warrants and other option-like instruments. Those investments are carried at their estimated fair values, consistent with the UK accounting convention FRS 102 and the recommendations on best practices of the International Private Equity and Venture Capital ("IPEV") guidelines issued in December 2022. The following factors will be considered in determining the fair value of an unquoted asset:

(i) Investments which are not traded in an active market are valued using the price of a recent investment, where there are no factors observed to suggest a material change in fair value.

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

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

   a. Revenue, Gross Profit or EBITDA multiples, based on listed investments and private market transactions in the relevant sector, adjusted for differences such as lack of marketability, size and growth profile.

   b. Recent transaction prices adjusted for the company's performance against key milestones and the complexity of the capital structure.

   c. Probability-weighted expected return scenarios, discounted at a risk-adjusted rate of return.

   d. Discounted cash flows analyses based on estimate future cash flows with an appropriate discount rate.

   e. Option price modelling.

(iv) Investments in funds (which are invariably comprised of unquoted investments) are valued using the NAV per unit with an appropriate discount or premium applied to arrive at a unit price.

Private equity valuation governance framework

The Company's AIFM maintains and applies effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interests in relation to the unquoted valuation process. The Schroders Capital valuation process and governance structure is intended to ensure independence, accountability and segregation of duties in the oversight functions. The Private Equity in-house valuation team resides in the Fund Operations and Services Department and is separate from the Investment function. It performs valuations using widely-accepted valuation methodologies and may be supported by an external valuation agent. Currently, S&P Global is engaged to support the valuation team and provides inputs and recommendations to assist in conducting valuations, where required.

The Private Equity Valuation Working Group ("VWG") is responsible for the identification and valuation of all private asset investments within its scope and consists of the Private Equity COO as the chairman and other senior personnel including representation from risk and compliance.

Key valuation observations are summarised in a valuation memorandum that includes:

– Appropriateness of valuation technique and key assumptions used;

– Results of alternative valuation techniques (if available);

– Reasonableness of significant valuation movements since the last valuation; and

– Impact of timing differences due to the availability of information.

Schroders Private Assets Pricing Committee ("PAPC") is responsible for oversight and challenge for investment valuations across Schroders Capital's Private Assets. The PAPC must approve valuation methodologies for each VWG on at least an annual basis and the PAPC must approve fair valuation decisions that are escalated by the VWG.

Fair value application

The determination of fair value involves key assumptions dependent upon the valuation techniques used. The AIFM applies the following valuation methodologies on a consistent basis, which are all aligned to the best practices set out in the IPEV guidelines. Valuation estimates rely on the information and assumptions as those were known or knowable at the measurement date and require a varying degree of judgment taking into consideration internal and external factors.

The selection of valuation techniques is affected by the availability of relevant inputs and the relative reliability of these inputs. Due to the nature of the investments and the inherent uncertainty in the fair value estimation, the AIFM will at times consider that one valuation approach may be appropriate for an investment and in other cases evaluate and weigh the results of multiple valuation techniques to develop a range of possible values, with the fair value based on the AIFM's assessment of the most appropriate point within this range.

The AIFM has set out a framework that prioritises the use of observable inputs wherever possible. Inputs to the valuation generally refer to the assumptions that market participants would use to make valuation decisions, including assumptions about risk. The AIFM may further use an external valuer to support in forming an appropriate valuation range for certain investments and has currently engaged S&P Global to assist with such independent valuation advice.

In the quarter immediately following the purchase transaction of an investment, where the price of the investment is deemed to be the best reflection of fair value, a calibration analysis will be created to arrive at an appropriate starting basis for future valuation cycles. The difference between the initial valuation and the transaction price is assessed as the calibrated difference, and the factors driving the difference are analysed. This analysis is then revisited during subsequent valuations, which may drive fair value changes.

The following presents an overview of the most frequently applied valuation techniques:

	Life sciences	Venture	Growth
Primary valuation technique	Milestone analysis	Market approach	Market approach
Secondary valuation technique	Probability-weighted expected return methods	Probability-weighted expected return methods	Discounted cash flows
Key inputs	Business performance against key milestones	Revenue (run-rate, forward) KPIs (e.g. monthly user growth)	Gross Profit/ EBITDA (if profitable) Revenue (run-rate, forward)

The primary technique for investments with no expected short-term earnings or where the investment outcome is based on a discrete set of (often binary) scenarios and for which investments are funded for, is the milestone approach. This is typically the case for pre-revenue and clinical life science investments. The milestone approach is based on a set of agreed milestones at the time of the initial investment. These include various measurements depending on the type of investment, the industry as well as the key drivers of the investment company. Progress against these milestones is measured at each valuation date and drives fair value changes. If a milestone event was achieved or if it was failed to achieve, a variety of valuation techniques may be used to quantify the resulting fair value impact.

The primary technique for investments that are producing either maintainable revenues or earnings is the market approach. This approach determines the fair value of a company based on the market price of selected comparable companies or recent transactions (or a combination of both) and its relationship to relevant performance measures with the assumption that the relationship between the market price and the financial performance of the comparable company is similar. The relevant multiples can be subject to adjustments for general qualitative differences between the underlying portfolio company and the comparable companies. These adjustments may include, but are not limited to, differences due to size, marketability, growth profile or the market size of end-markets.

The primary technique for investments that have not yet or have just commenced to produce revenues and that possess material future earnings potential is the Probability-Weighted-Expected-Return-Method ("PWERM"). It involves estimating the expected cash flows of the company under different scenarios, such as best-case, base-case, and worst-case scenarios. Each scenario is assigned a probability based on the likelihood of its occurrence. The expected cash flows are then discounted back to their present value using an appropriate discount rate, which reflects the risk and uncertainty associated with each scenario. The PWERM approach also considers other factors such as changes in market conditions, industry trends, competitive landscape, regulatory changes, and other macroeconomic factors. Adjustments are made to the cash flow projections and discount rates to reflect these factors and their potential impact on the company's value.

Once a company's value is established, it is allocated to the company's various share classes. Early-stage, venture and growth investments typically possess complex capital structures with varying rights and economic preferences attached to each share class. To assess the relative value of these individual share classes, either a qualitative scenario-analysis of the expected ultimate pay-off profile of each share class, or an option pricing model is utilised. The relative value of each share class is dependent on the expected time to exit, volatility, and other relevant quantitative or qualitative parameters.

The following table provides an overview of the select (primary) valuation techniques:

Valuation techniques	% of unquoted portfolio
Market approach	**70.8**
Arm's length transaction	9.3
Adjusted transaction price	28.2
Multiples-based	33.3
Milestone approach	**8.3**
Probability-weighted-expected return	**13.5**
Third-party fund NAV	**7.5**

Purpose, values and culture

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

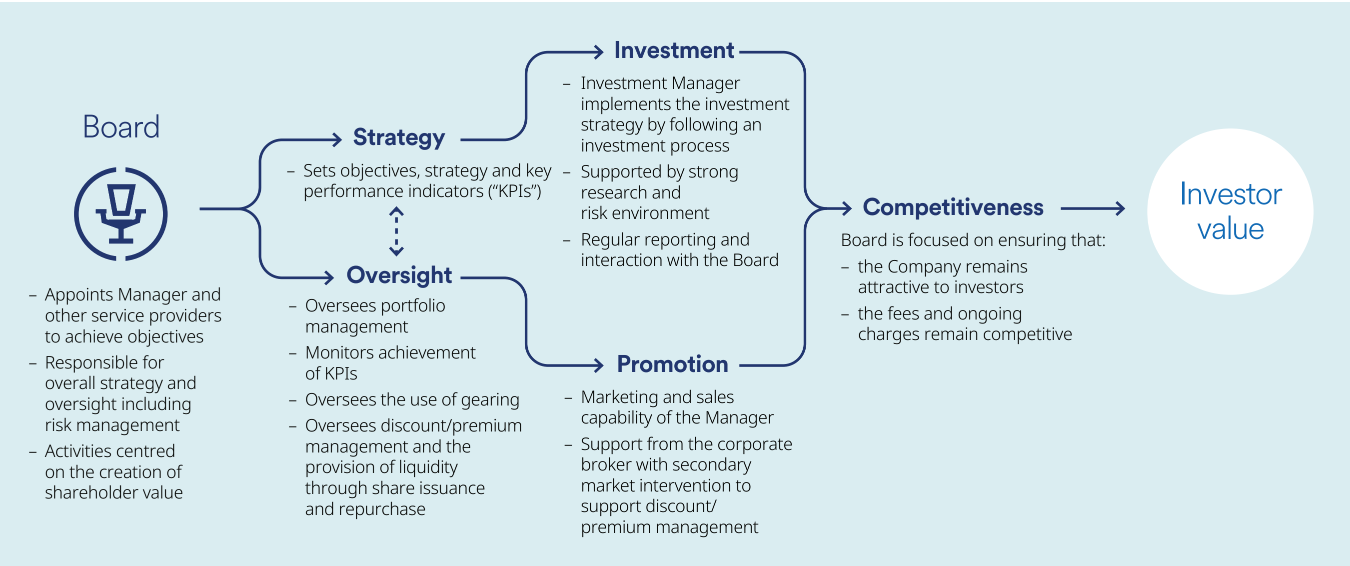
The Company's culture is driven by its values: transparency, engagement and rigour, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board also promotes the effective management 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 its operations.

Business model

The Board appointed Schroder Unit Trusts Limited (the "Manager") in October 2022 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 Investment 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 below. The investment processes are described in the Investment Approach and Process section and the promotion is described in more detail on the next page.



Investment trust status

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

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

Continuation vote

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the articles of association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at its AGM in May 2025, and at every five yearly intervals thereafter.

Investment model

Investment objective

The Company's investment objective is to achieve long-term capital growth through investing in a diversified global portfolio of private and public equity companies.

Investment policy

The Investment 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 Investment 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% 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 and spread of investment risk

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% of its NAV at the time of initial investment in an investee company save that the Investment Manager may make further investments into an investee company subject to an aggregate investment limit in any investee company of 20% 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% of NAV at the time of investment; and
- with respect to cash deposits, the Company shall not have exposure of more than 10% of NAV, at the time of investment, to any one issuer.

Borrowing and cash management

The Company may employ gearing of up to 20% of NAV, calculated at the time of borrowing, for the purpose of capital flexibility, including for investment purposes. 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. The Company's assets include readily realisable securities which can be sold to meet ongoing funding requirements.

Further details of the Company's management of liquidity can be found in the principal and emerging risks and uncertainties section of this report on pages 38 to 41 and in note 18(b) to the accounts.

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 indicators ("KPIs")

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 KPI for the Company. Comment on performance against the investment objective can be found in the Chair's Statement and Investment 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.

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-gb/uk/individual/never-miss-an-update/.

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 Investment Manager, other service providers, the Investee companies and wider society and the environment. The table below explains how the Directors have engaged with, and maintained high standards of business conduct and fair treatment of, all stakeholders and outlines key activities undertaken and decisions made by the Board during the year.

Stakeholder	Significance	Engagement	2023 highlights
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the Company and the delivery of the long-term strategy.	– **AGM:** The Company welcomes attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and the Investment Manager and ask questions at the AGM. The Board values the feedback it receives from shareholders which is incorporated into Board discussions. – **Publications:** The annual and half year results presentations are available on the Company's web pages with their availability announced via the London Stock Exchange. Daily and quarterly NAV updates are issued to provide shareholders with transparent information on the Company's portfolio. 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 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 Investment Manager also undertakes Investor Roadshows throughout the year. – **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 AGM was held in person in 2023 and questions and feedback from shareholders were welcomed. The Board, along with the Investment Manager, look forward to meeting and interacting with more shareholders at the forthcoming AGM in May 2024. The Company's web pages continued to be refreshed and enhanced during the year to optimise the user experience for shareholders and investors. Shareholders can, via the Company's web pages, subscribe to the Schroders investment trusts newsletter to receive regular updates on the Company. The Chair of the Board and the Senior Independent Director met with its major shareholders during the year and since the year end. Their views were taken into consideration as part of the Board's duty to ensure their interests were taken into account. The Investment Manager engaged with a number of its shareholders and investors during the year and regular feedback was provided to the Board. A number of promotional activities were undertaken during the year including Investment Manager interviews, a capital markets event, webinars and coverage in key publications. The Board continues to work with Kepler on promoting the Company through its research notes which are published once a year following the publication of the Company's annual results.

Stakeholder	Significance	Engagement	2023 highlights
The Investment 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 Investment 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 global portfolio of private and public equity companies.	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with the investment objective. The Board invites the Investment 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 Board's collaboration with the Investment Manager are: – Encouraging open discussion with the Investment Manager; – Recognising that the interests of shareholders and the Investment 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 Investment Manager's terms of engagement; and – Drawing on Directors' individual experience to support the Investment Manager in its monitoring and change management of portfolio companies, for the benefit of all of the Investment Manager's clients. The Management Engagement Committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually.	In accordance with the Company's strategy, the Investment Manager has remained focused on key priorities: support business growth and profitability; rebalance the portfolio; maximise sale proceeds; and new investments as part of the investment strategy. There were six new investments made in 2023, across the Investment Manager's three private equity strategies: venture, growth and life sciences. In addition, strategic public equity sales have been made over the course of the year to facilitate the successful execution of the Company's share repurchase programme.
Investee companies	The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Investment Manager.	In order to achieve its commitment to responsible investing, the Investment 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 Investment Manager partners with. Furthermore, the Investment 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 Investment Manager will attend investee company board meetings as an observer. 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	Significance	Engagement	2023 highlights
Other service providers	In order to operate 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.	As previously announced, the Company changed its Auditor and registrar during the year. Under delegated authority from the Board, the Management Engagement Committee reviewed all material third-party service providers. The Board considers the ongoing appointments of its service providers to be in the best interests of the Company and its shareholders as a whole and will monitor their progress in the year ahead. The Directors were invited to attend a two day annual internal controls briefing session which assessed the internal controls of certain key service providers including the Company's depositary and custodian, HSBC, the Company's registrar, Equiniti, and Schroders Group Internal Audit.
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 Investment Manager must have regard to ethical and environmental issues that impact society. Hence ESG considerations are integrated into the Investment Manager's investment process and will continue to evolve.	The Board engages with the Investment 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 the inclusion of case studies showcasing how the Investment Manager supports and integrates responsible investing in its investment approach set out in the annual report. Further details of the ESG practices and case studies can be found in the Investment Approach and Process section of this report.

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 policy

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.

Statement on Board diversity – gender and ethnic background

The Board has made a commitment to consider diversity when reviewing the composition of the Board and notes the new Listing Rules requirements (LR 9.8.6R(9) and (11)) regarding the targets on board diversity:

- at least 40% of individuals on the board are women;
- at least one senior board position is held by a woman; and
- at least one individual on the board is from a minority ethnic background.

The FCA defines senior board positions as Chairman, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") or Senior Independent Director ("SID"). As an investment trust with no executive officers, the Company has no CEO or CFO. The Board has reflected the senior positions of the Chair of the Board and the SID in its diversity tables below.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods. The following information has been provided by each Director through the completion of a questionnaire.

As at 31 December 2023, the Company met all three criteria and there have been no changes since 31 December 2023 to the date of publication of the annual report and accounts.

Gender identity

	Number of Board members	% of the Board	Number of senior positions on the Board
Men	3	60	1
Women	2	40	1
Other	–	–	–
Not specified/prefer not to say	–	–	–

Ethnic background

	Number of Board members	% of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	4	80	2
Mixed Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/ Caribbean/Black British	–	–	–
Other ethnic group, including Arab	1	20	–
Not specified/prefer not to say	–	–	–

Financial crime policy

The Company continues to be committed to carrying out its business fairly, honestly and openly operates a financial crime policy covering bribery and corruption, tax evasion, money laundering, terrorist financing and sanctions, as well as seeking confirmations that the Company's service providers' policies are operating soundly.

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.

Climate

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.

Taskforce for Climate-Related Financial Disclosures ("TCFD")

The Company, as an investment trust, is exempt from the requirement to report against TCFD regulation. However, the Company's Manager produces an annual product level disclosure consistent with the TCFD. This can be found here: TCFD data product report.

Principal and emerging 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.

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. The internal control environment of the Manager, the depositary and the registrar are tested annually by independent external auditors. The reports are reviewed by the Audit, Risk and Valuation Committee.

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 principal and emerging risks and uncertainties are set out in the table below.

Both the principal and emerging risks and uncertainties and the monitoring system are subject to robust assessment at least annually. The last assessment took place in March 2024.

During the year, the Board 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 Investment 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; risks posed by the failure of the capital discipline mechanisms and/or the continuation vote at the AGM in 2025. These risks have been incorporated in the strategy risk section in the table below.

A significant control failing or weakness relating to share repurchases was identified during the year. Although the Company had a share premium account of £891 million, as this had not been cancelled, the Company did not have sufficient distributable profits to comply with the requirements of the Companies Act 2006. The Board worked with its service providers to rectify the matter which was approved by shareholders, filed section 838 interim accounts in July 2023 and has been given assurances that additional controls are now in place to tighten processes and avoid a recurrence. No other significant control failings or weaknesses were identified from the Audit, Risk and Valuation Committee's ongoing risk assessment throughout the financial year and up to the date of this report. The Board is therefore satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

Actions taken by the Board and, where appropriate, its Committees, to manage and mitigate the Company's principal and emerging 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.

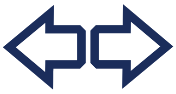
A full analysis of the financial risks facing the Company is set out in note 18 to the accounts on pages 80 and 81.

Risk	Mitigation and management	Change
Strategy		
Investment objective and longer term growth Investment objective is out of line with the requirements of investors or investors lose interest in listed closed end private equity as an asset class. Discount widens to unacceptable levels. Failure of capital discipline mechanisms and/or the continuation vote in May 2025.	The Board holds a strategy day each year to consider the investment objective and policy and the Company's longer term investment strategy. 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 major shareholders. The Board also receives regular reports on marketing and promotional activity. Following the cancellation of the share premium account, the Company appointed Winterflood Securities Limited in September 2023 to manage an irrevocable share repurchase programme: (i) to buy back up to 5% of the Company's shares in 2023 and 2024; (ii) to purchase such number of shares to ensure that to the period to the 2025 AGM, the Company has undertaken share repurchases in an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager[1]. The Board continues to monitor these positions on an ongoing basis. A continuation vote will be held at the 2025 AGM which will only be extended for a further five years if the Company continues to meet investor requirements.	The 5% target for share repurchases was achieved in 2023 and work continues on meeting the 2024 commitment. Despite these positive efforts, the discount to NAV remains wide and the continued increased risk relates to market sentiment in line with the decline of popularity of the private equity sector.

[1] These assets are shown in the Investment Portfolio section on pages 20 to 22.

Risk	Mitigation and management	Change
Economic and market The portfolio will normally be 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 Investment Manager is experienced and has a long track record in successfully investing in private equity and venture. The Investment Manager spreads investment risk 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 global mandate allows the Investment Manager to diversify the portfolio geographically and thus mitigate against challenging economic conditions of a single market or sector. The Investment 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 18 to the accounts.	
Investment		
Investment performance 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 Investment 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 Investment 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 Investment 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 proposed revaluations and methodologies used by the Investment Manager at each meeting.	
Portfolio Portfolio risk encompasses valuation, and concentration risks. Private equity companies generally have greater valuation uncertainties and liquidity risks than public equity holdings. 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. Investments quoted in inactive markets may also be subject to significant and abrupt volatility and liquidity discount. 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. Short term liquidity issues can become compounded by market events.	The AIFM, under delegated authority from the Board, has responsibility for the valuation of the assets in the portfolio. The AIFM, in turn, uses extensive research and input from S&P Global, the external valuation specialist provider. S&P Global conducts a regular rolling review of the valuation of all portfolio assets and also reviews 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 the Valuation Approach and Process Report. Valuations are considered and challenged by the Audit, Risk and Valuations Committee on a quarterly basis as well as on an ad hoc basis where required together with scrutiny by the Auditor on an annual basis. The Board and the Investment Manager feel that undue concentration is not desirable in the longer term and continuously explore options to reduce this over time. The Investment Manager conducts regular reviews of investee companies through regular engagement to monitor progress and ensure milestones are adequately met. Short term liquidity issues are mitigated over time when such companies deliver on their milestones and value is recognised.	During periods of higher interest rates and market volatility, inherent risks in valuations risk can rise. In the year under review, the Investment Manager reduced the exposure to certain public holdings with the goal of reducing concentration risk. Further details can be found in the Investment Manager's Review.

Risk	Mitigation and management	Change
Liquidity Insufficient liquid resources to meet its ongoing financial demands.	The Company has no loan facility in place and its assets include readily realisable securities which can be sold to meet ongoing funding requirements. The Investment 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 £2.9 million (2022: £16.1 million) as at 31 December 2023. In addition, the Company has a £9.7 million holding in the Schroder Special Situations – Sterling Liquidity Plus Fund, which is a money market fund with daily redemption terms. The Board reviews the Company's cash flow forecasts under various stressed scenarios on an ongoing basis.	
Key person dependency 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 requiring renegotiation or substitution, likely on less favourable terms.	The Investment 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 Investment 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 Investment 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.	
ESG and climate change Failure by the Investment Manager to identify potential 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 Investment Manager integrates ESG considerations, including climate change, into the investment process. Case studies of engagement with a sample of the Company's portfolio companies are incorporated in the Investment Approach and Process section of the Strategic Report. 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 in private assets.	

Risk	Mitigation and management	Change
Operational		
Operational The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third-party service providers. Failure of any of the Company's service providers to perform in accordance with the terms of its appointment, to protect against breaches of the Company's legal and regulatory obligations such as data protection, or to perform its obligations at all as a result of insolvency, fraud, breaches of cyber security, failures in business continuity plans or other causes, could have a material detrimental impact on the operation of the Company.	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. Directors are invited to a Manager hosted two-day annual internal controls briefing sessions which covers the internal controls of its key service providers including the Company's depositary and custodian, HSBC, the Company's registrar, Equiniti, and Schroders Group Internal Audit team. In addition, the Audit, Risk and Valuation Committee reviews reports on the external audits of the internal controls operated by certain key service providers.	 A significant control failing or weakness relating to share repurchases was identified during the year under review. Although the Company had a share premium account of £891 million, as this had not been cancelled, the Company did not have sufficient distributable profits to comply with the requirements of the Companies Act 2006. The Board worked with its service providers to rectify the matter which was approved by shareholders, filed section 838 interim accounts in July 2023 and has been given assurances that additional controls are now in place to tighten processes and avoid a recurrence.
Information technology and information security Each of the Company's service providers is at risk of cyber attack, data theft and service disruption. 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 key service providers which describe the protective measures they take as well as their business recovery plans. In addition, the Board receives an annual presentation from the Manager on cyber risk.	

Viability statement

The Board has assessed the prospects of the Company over the five-year period ending 31 December 2028. 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 and emerging risks and uncertainties set out on pages 38 to 41, including climate-related risks, and detailed revenue and cashflow 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 has successfully repurchased shares equal to at least 5% of the Company's issued share capital in 2023. Work has commenced on the 2024 commitment of 5%. In addition, the Company continues to monitor share repurchases equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager. The Board believes the Manager is well placed to deliver on these proposals, generate long-term capital growth and has 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 2028.

Going concern

The Board has considered the Company's principal risks and uncertainties (including whether there are any emerging risks); has scrutinised the detailed revenue and cashflow 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 12 months. As a result, the Board is comfortable that the Company will have sufficient liquid funds to pay operating expenses.

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 12 months from the date of approval of these annual report and accounts.

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 March 2024

Governance

Governance

Board of Directors

Tim Edwards

Status: Independent non-executive Chair

Length of service: three years – appointed as a Director in February 2021 and Chair in June 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 chair of Storm Therapeutics Limited, EndLyz Therapeutics Inc. and AstronauTX Limited, and Senior Independent Director of Record plc. Tim has expertise in evaluating, fund-raising, managing and exiting private life science companies, with years working as a chair.

Contribution to the Board and its Committees: Tim's extensive operational and strategic experience enables him to facilitate Board discussions and prioritise strategic decisions.

Committee membership: Audit, Risk and Valuation, Management Engagement and Nomination and Remuneration Committees.

Remuneration for the year ended 31 December 2023: £49,752 per annum

Number of shares held: 210,230[1]

Lamia Baker

Status: Independent non-executive Director

Length of service: nine months – appointed as a Director in June 2023.

Experience: Lamia is currently managing director UK of Dennemeyer & Co Limited, a position she has held since 2019, as well as Head of Commercial EMEA for Dennemeyer Group a position held since 2022, a global intellectual property service provider ("Dennemeyer"). Before joining Dennemeyer, Lamia was at Imperial Innovations Ltd, focusing on commercialising Intellectual Property through licensing activities and startup formation. This position was preceded by employment as a venture capital seed investor in high-technology startups in the UK and by various positions in several technology startups in Boston, USA. Lamia has over 25 years of experience in business and technology. She is skilled in intellectual property, sales, innovation, entrepreneurship, venture capital investment and fund representation on companies' boards.

Contribution to the Board and its Committees: Lamia's background in technology and venture capital seed investment in addition to extensive experience in business development enables her to contribute to the portfolio analysis and decision making of the Board.

Committee membership: Audit, Risk and Valuation, Management Engagement, Nomination and Remuneration Committees.

Remuneration for the year ended 31 December 2023: £16,159 per annum[2]

Number of shares held: Nil[1]

Scott Brown

Status: Independent non-executive Director

Length of service: nine years – appointed as a Director in 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$6 billion in annual revenues. Scott holds a PhD in Chemistry, an MBA and is a Fellow of the Royal Society of Chemistry.

Contribution to the Board and its Committees: 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.

Remuneration for the year ended 31 December 2023: £32,137 per annum

Number of shares held: 78,269[1]

[1] Shareholdings are as at 27 March 2024, full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 57.

[2] Ms Baker was appointed to the Board on 22 June 2023.

Stephen Cohen

Status: Independent non-executive Director and Audit, Risk and Valuation Committee Chair

Length of service: four years – appointed as a Director in 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 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.

Contribution to the Board and its Committees: 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.

Remuneration for the year ended 31 December 2023: £42,849 per annum

Number of shares held: 309,737[1]

Jane Tufnell

Status: Senior Independent non-executive Director

Length of service: four years – appointed as a Director in 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.

Contribution to the Board and its Committees: 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).

Remuneration for the year ended 31 December 2023: £37,493 per annum

Number of shares held: 500,000[1]

[1] Shareholdings are as at 27 March 2024, full details of Directors' shareholdings are set out in the Directors' Remuneration Report on page 57.

The Directors submit their annual report and accounts of the Company for the year ended 31 December 2023.

Directors and officers

Chair

The Chair 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")

The SID 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 ("SIM") 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 in the section on Information about the Company on page 92 or by email to: amcompanysecretary@schroders.com.

Corporate governance statement

The Company is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust.

The Financial Conduct Authority ("FCA") 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 Association of Investment Companies ("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 53 and 54. 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.

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to Shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to seek to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and, where applicable, acts within the parameters set by it in respect of any gearing. The Business Review on pages 32 to 42 sets out further details of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report and is incorporated by reference.

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

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

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

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

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, is 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. Each committee's effectiveness was assessed, and judged to be satisfactory, as part of the Board's annual review of the Board and its committees.

Directors' attendance at meetings

The number of scheduled meetings of the Board and its Committees held during the reporting period and the attendance of individual Directors is shown below.

	Board	Audit, Risk and Valuation Committee	Management Engagement Committee	Nomination and Remuneration Committee
Tim Edwards	4/4	4/4	1/1	2/2
Raymond Abbott[1]	2/4	2/4	0/1	1/2
Lamia Baker[2]	2/4	2/4	1/1	1/2
Scott Brown	4/4	4/4	1/1	2/2
Stephen Cohen	4/4	4/4	1/1	2/2
Jane Tufnell	4/4	4/4	1/1	2/2

[1] Mr Abbott retired from the Board on 21 June 2023.

[2] Ms Baker was appointed to the Board on 22 June 2023.

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 on additional occasions for ad-hoc business. The Nomination and Remuneration Committee held additional meetings during the year to consider recruitment matters. A quorum of Directors was present for all additional meetings held.

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 Schroders Unit Trusts Limited ("SUTL") as the Alternative Investment Fund Manager ("AIFM" or "Manager"). In accordance with the terms of the 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 SUTL are detailed in note 15 on page 76.

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, other Board members or the corporate broker as appropriate.

The Manager has delegated investment management services to two wholly owned subsidiaries of Schroders plc, SIM and Schroders Capital Management (Switzerland) AG ("Schroders Capital"). 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. The AIFM has appropriate professional indemnity cover in place.

The Schroders Group manages £750.6 billion (as at 31 December 2023) 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, a quarterly management fee is payable to the Investment 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.

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 Investment 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 15 to the accounts on page 76.

The Board has reviewed the performance of the Manager for the year under review. The Board is satisfied that the Manager has the appropriate depth and quality of resource to deliver good 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

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA 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

Equiniti was appointed as the Company's registrar replacing Link Group on 30 June 2023. Equiniti'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.

Share capital and substantial share interests

During the year under review the Company repurchased a total of 46,859,212 shares for cancellation. As detailed in the Chair's Statement on page 4, the Company cancelled its share premium account in July 2023 and completed the rectification measures in respect of share repurchases undertaken in 2022 and 2023. As at 31 December 2023, the Company had 857,360,026 ordinary shares of 1p in issue.

Since the year end, a further 17,500,000 shares have been repurchased for cancellation and as at 27 March 2024, the Company had 839,860,026 ordinary shares of 1p in issue. No shares are held in treasury. Accordingly, the total number of voting rights in the Company as at 27 March 2024 was 839,860,026. Details of changes to the Company's share capital during the year under review are given in note 11 to the accounts. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

As at 31 December 2023, the Company has received notifications in accordance with the FCA Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital. 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.

	Number of shares held[1]	% of total voting rights[1]
City of London Investment Management Company Ltd	**146,155,664**	**16.18**
Momentum Global Investment Management Ltd	**74,075,854**	**8.21**
First Equity Limited	**29,300,000**	**3.24**

[1] As at date of notification.

Following the year end and at the date of this report, First Equity Limited has advised that its holding has increased to 34,136,000 shares representing 4.04% of the Company's total voting rights.

Dividends

The Directors do not propose the payment of a dividend in respect of the year ended 31 December 2023 (2022: nil).

Provision of information to the Auditor

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

Directors' 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 year under review for each Director and to the date of this report.

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 March 2024

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 web pages, www.schroders.com/inov.

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 AIC Code permits the Chair of the Board to be a member of the audit committee of an investment trust. Therefore, it is considered appropriate for the Chair of the Board, who was independent on appointment, to be a member of the Committee.

Approach

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 principal and emerging risks and uncertainties 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-year 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.

The Committee met four times during the year under review and the table below sets out how the Committee discharged its duties during the year under review and up until the approval of this report. Further details on attendance can be found on page 47. 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

Risk management and internal controls	Financial reports and valuation	Audit
Principal and emerging risks and uncertainties Reviewed the principal and emerging and uncertainties risks faced by the Company together with the systems, processes and oversight in place to manage and mitigate them. **Service provider controls** Consideration of the operational controls reports issued on the Manager, depositary and registrar. Following a detailed review, the Board decided to change its Auditor and registrar and Ernst & Young LLP and Equiniti were appointed from 21 June and 30 June 2023 respectively.	**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 year 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 Investment Manager and S&P Global (previously known as IHSMarkit) who acts as 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. **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** Ernst & Young LLP has provided audit services to the Company since it was appointed on 21 June 2023. This is the first year that Ernst & Young LLP will be undertaking the Company's audit. The Auditor is required to rotate the senior statutory auditor every five years. This is the first year that the senior statutory auditor, Denise Davidson, has conducted the audit of the Company's financial statements. There are no contractual obligations restricting the choice of external auditor.

Risk management and internal controls	Financial reports and valuation	Audit
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 annual report and accounts and the letter from the Manager in support of the letter of representation to the Auditor.	**Audit tender** An audit tender was undertaken in January 2023 and it was agreed to appoint Ernst & Young LLP as the Company's Auditor for the year ended 31 December 2023. **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.
	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 was consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the Auditor** 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 Auditor did not provide any non-audit services to the Company during the year under review. The Committee was satisfied that there were no circumstances that affected the independence or objectivity of the Auditor.
	Going concern and viability Reviewed the impact of risks on going concern and longer-term viability, as described further on page 42.	**Consent to continue as Auditor** Ernst & Young LLP indicated to the Committee its willingness to continue to act as Auditor.

Recommendations made to, and approved by, the Board:

- The Committee recommended that the Board approve the quarterly valuations, the half year report and 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.
- The Committee recommended the appointment of Ernst & Young LLP, as the Company's Auditor, following a competitive tender process.
- As a result of the work performed, the Committee has concluded that the annual report and accounts for the year ended 31 December 2023, 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 58.
- Having reviewed the performance of the Auditor as described above, the Committee considered it appropriate to recommend the Auditor's re-appointment. Resolutions to re-appoint Ernst & Young LLP as Auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Stephen Cohen
Audit, Risk and Valuation Committee Chair
27 March 2024

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 web pages, www.schroders.com/inov.

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; and
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Depositary and custodian;
- Corporate broker; and
- 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

The Committee undertook a review of the Investment 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 and agreed they remain fit for purpose.

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

As noted earlier in this report, Ernst & Young LLP was appointed as the Company's Auditor effective from the AGM on 21 June 2023. In addition, Equiniti was appointed as registrar on 30 June 2023.

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

The Committee noted that the Audit, Risk and Valuation Committee had undertaken an evaluation of the internal controls of the Manager, registrar, depositary and custodian.

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 Equiniti be approved as the Company's registrar with effect from 30 June 2023.
- 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; (3) Directors' fees; and (4) 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 web pages, www.schroders.com/inov.

Oversight of Directors

Approach

Selection and induction

- Committee prepares a job specification for each role, and considers the use of an independent recruitment firm. For the Chair and the Chairs of the Committees, the Committee considers current Board members too.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates assessed against the Company's diversity policy.
- Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- Committee reviews the induction and training of new Directors.

Board evaluation and Directors' fees

- Committee assesses each Director annually, and considers if an external evaluation is appropriate.
- Evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the reporting period, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the Committee provides a recommendation to shareholders with respect to the annual re-election of Directors at the AGM.
- All Directors retire at the AGM and their re-election is subject to shareholder approval.
- Committee reviews Directors' fees, taking into account comparative data and reports to shareholders.
- Any proposed changes to the remuneration policy for Directors discussed and reported to shareholders.

Succession

- 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 (see overleaf)

Selection and induction

- Following a rigorous selection process using an independent external recruitment agency, Odgers Berndtson, Lamia Baker was appointed to the Board with effect from 22 June 2023. Odgers Berndtson has no connection with the Company or any of the Directors.
- The Committee noted that following her appointment, Lamia Baker engaged in an induction programme with the Manager and its various operating functions.
- Lamia Baker will stand for election as a Director at the forthcoming AGM, as set out in resolution 3 of the Notice of Annual General Meeting.
- In anticipation of Scott Brown's retirement at the conclusion of the forthcoming AGM, the Committee discussed appointing a suitable replacement having regard to the current Board's composition, diversity and efficacy. A skills matrix was also reviewed to assist the Committee in identifying any skill gaps. Following consideration, the Board agreed to continue with the composition of four Directors following the forthcoming AGM for the time being.
- Independent external recruitment agencies were approached to provide suitable proposals.

Board evaluation and Directors' fees

- The annual Board evaluation, including evaluation of its Committees, was undertaken in November 2023. For the year under review, the evaluation was undertaken internally by the completion of questionnaires.
- 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. The Committee was also mindful of the concept of 'overboarding' and considered the time, nature and complexity of each Directors' other roles and concluded that it does not believe that any of the Directors are currently overboarded. All Directors were considered to be independent in character and judgement. The Committee reviews this information annually.
- The Committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 44 and 45.
- Based on its assessment, the Committee provided individual recommendations for each Director's election and re-election, with the exception of Scott Brown, who having served as a non-executive director for nine years will not seek re-election.
- The Committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees be increased by 5% with effect from 1 January 2024. Further details are provided in the Directors' Remuneration Report.

Succession

- Lamia Baker succeeded Raymond Abbott who retired from the Board at the Company's AGM on 21 June 2023.
- 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 reviewed the succession policy and agreed it was still fit for purpose.
- As noted in the Company's annual report and accounts for the year ended 31 December 2022, Scott Brown will be retiring as a Director of the Company at the forthcoming 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, and should all be recommended for election or re-election by shareholders at the AGM. Scott Brown will retire at the forthcoming AGM and will not be standing for re-election.
- That Directors' fees be increased by an additional 5% per annum with effect from 1 January 2024.
- That the Directors' Remuneration Report be put to shareholders for approval as an advisory vote at the forthcoming AGM.
- That Odgers Berndtson be engaged to assist in the search for a successor for Raymond Abbott who retired as a Director at the Company's AGM on 21 June 2023.
- That Lamia Baker be appointed as a non-executive Director with effect from 22 June 2023 and that her election as a Director be proposed, and recommended to shareholders for approval at the forthcoming AGM.

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.

At the AGM held on 21 June 2023, 99.57% of the votes cast in respect of approval of the Directors' Remuneration Report for the year ended 31 December 2022 were in favour, while 0.43% were against and 417,782 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 the Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

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 2023.

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 2023 and the preceding financial year. Directors' remuneration is all fixed; Directors do not receive any variable remuneration. The performance of the Company over the financial year is presented on the inside front cover and page 1, under the heading "Performance Summary".

Director	Fees 2023 £	Fees 2022 £	Change in annual fee over years ended 31 December 2023 %	2022 %	2021 %	2020 %
Tim Edwards (Chair)	**49,752**	47,553	**4.6**	38.8[1]	N/A	N/A
Raymond Abbott[2]	**17,956**	30,787	**(41.7)**	2.6	–	N/A
Lamia Baker[3]	**16,159**	N/A	**N/A**	N/A	N/A	N/A
Scott Brown	**32,137**	30,787	**4.4**	2.6	–	–
Stephen Cohen	**42,849**	41,050	**4.4**	2.6	(20.0)[4]	24.0[4]
Jane Tufnell	**37,493**	35,919	**4.4**	2.6	–	N/A
	196,346	186,096				

[1] Appointed as a Director on 26 February 2021. Appointed Chair on 4 June 2021.
[2] Retired as a Director on 21 June 2023.
[3] Appointed as a Director on 22 June 2023.
[4] The scope of the Audit, Risk and Valuation Committee Chair role had been enlarged to provide additional cover during a crisis period and an enhanced fee had been agreed from the date of his appointment on 28 June 2019 to 31 March 2020.
[N/A] Directors were not appointed during these periods.

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

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the Nomination and Remuneration Committee and the Board in November 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, the Board agreed the Nomination and Remuneration Committee's recommendation that Directors' fees should be increased by 5% per annum, effective from 1 January 2024. The new fees are as follows; Chair: £52,240; Audit, Risk and Valuation Committee Chair: £44,991; Senior Independent Director: £39,368; Director: £33,744.

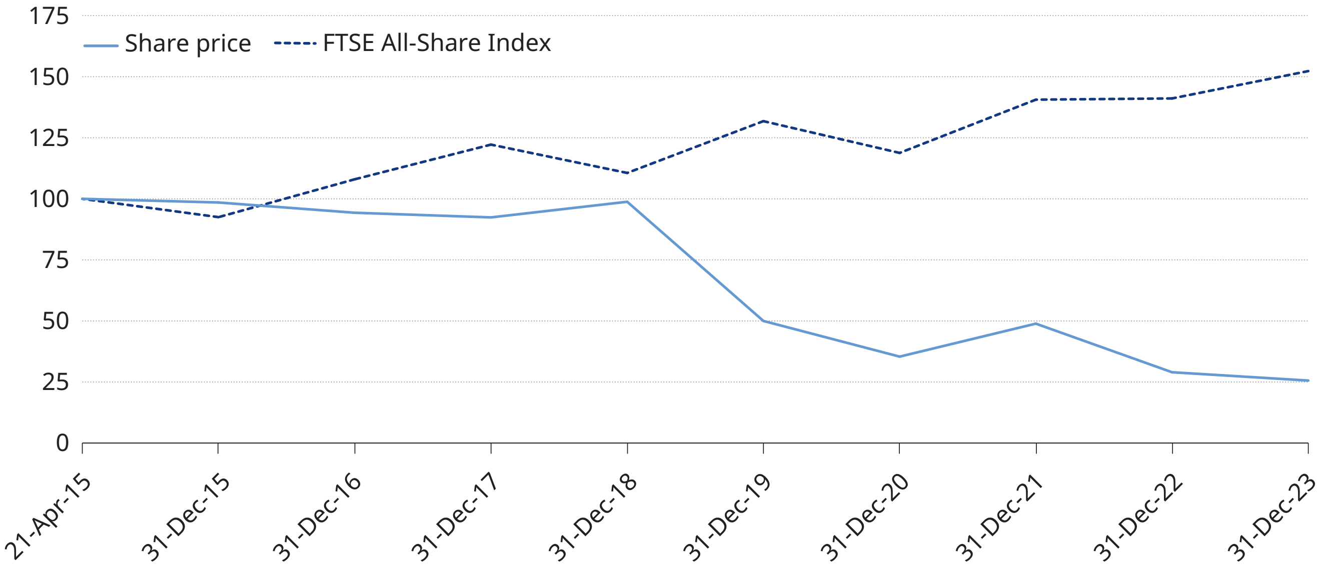
The table below compares the remuneration payable to directors, to distributions made to shareholders during the year under review and the prior year. In considering these figures, shareholders should take into account the Company's investment objective.

Distributions to shareholders vs Directors' remuneration

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	% Change
Remuneration payable to Directors	**196**	186	5.4
Distributions paid to shareholders			
– Dividends paid during the year	**–**	–	–
– Share buybacks	**7,060**	812	769.5
Total distributions paid to shareholders	**7,060**	812	769.5

Performance graph

Share price total return versus FTSE All-Share Index total return for the period from 21 April 2015 to 31 December 2023.



Schroder Investment Management Limited took over investment management responsibilities in December 2019.
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 year under review, are set out below.

	At 31 December 2023[1]	At 1 January 2023[1]
Tim Edwards	**210,230**	210,230
Raymond Abbott	**N/A[2]**	100,000
Lamia Baker	**Nil**	N/A[3]
Scott Brown	**78,269**	78,269
Stephen Cohen	**309,737**	309,737
Jane Tufnell	**500,000**	500,000

[1] Ordinary shares of 1p each.
[2] Mr Abbott retired from the Board on 21 June 2023.
[3] Ms Baker was appointed to the Board on 22 June 2023.

Since the year ended 31 December 2023, there have been no notified 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
27 March 2024

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 web pages dedicated to the Company. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement

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

27 March 2024

Financial

Financial

Opinion

We have audited the financial statements of Schroders Capital Global Innovation Trust plc (the "Company") for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

– give a true and fair view of the Company's affairs as at 31 December 2023 and of its 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

– Confirming our understanding of the Company's going concern assessment process by engaging with the directors and the Company Secretary to determine if all key factors were considered in their assessment.

– Inspecting the directors' assessment of going concern, including the revenue forecast, for the period to 31 March 2025 which is at least 12 months from the date these financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

– Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.

– Considering the mitigating factors included in the revenue forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments to cover the working capital requirements.

– Considering the commitments that have been made with respect to the purchase of unquoted investments, ensuring these have been appropriately taken account of when preparing the forecast.

– Reviewing the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period assessed by the directors, being the period to 31 March 2025, which is at least 12 months from the date these financial statements are authorised for issue.

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

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

Overview of our audit approach

Key audit matters	–	Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	–	Overall materiality of £2.17 million which represents 1% of shareholder's funds.

An overview of the scope of our audit

Tailoring the scope

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

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the impact from climate change could affect the Company's investments and overall investment process. This is explained in the principal and emerging risks and uncertainties section on page 40, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1(a) and conclusion that there was no further impact of climate change to be taken into account. The quoted investments are valued based on market pricing as required by FRS 102 and the unquoted investments are valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital (IPEV) guidelines which also reflect each investment's exposure to climate change risk. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Valuation Committee
Incorrect valuation or ownership of the investment portfolio *(as described on page 50 in the Audit, Risk and Valuation Committee Report and as per the accounting policy set out on page 69).* The valuation of the investment portfolio at 31 December 2023 was £210.09 million (2022: £242.50 million) consisting of Level 1 and Level 2 investments with an aggregate value of £64.33 million (2022: £83.71 million) and Level 3 investments with an aggregate value of £145.76 million (2022: £158.79 million). The valuation of the investments held by the Company is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the net asset value and the return generated for shareholders. The fair value of Level 1 and Level 2 investments is determined by reference to bid prices which are at close of business on the reporting date. The fair value of Level 3 investments is determined by reference to principles consistent with the International Private Equity and Venture Capital Valuation guidelines ("IPEV"). The valuation of the Level 3 investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements.	**We performed the following procedures:** We obtained an understanding of the processes surrounding the valuation of investments and legal title by performing walkthrough procedures. For all Level 1 and Level 2 investments, we verified the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We confirmed that there were no Level 1 and Level 2 investments with stale prices as at the year end and therefore no stale pricing report was produced by the administrator. We obtained the market prices, from an independent pricing vendor, for five business days pre and post the year end date, and calculated the day-on-day movement and confirmed there are no stale prices. For a sample of Level 3 investments, we engaged our team of valuation specialists to review the valuations which included completing the following procedures: – Reviewing the valuation papers for the year ended 31 December 2023 to gain an understanding of and to review the valuation methodologies and assumptions used; – Assessing whether the valuations have been performed in line with general valuation approaches as set out in UK GAAP and the IPEV guidelines; – Assessing the appropriateness of data inputs and challenging the assumptions used to support the valuations; – Assessing other facts and circumstances, such as market movements and comparative company information, that have an impact on the fair market value of the investments; and – Performing comparative calculations, where appropriate, to assess whether the valuation conclusions are reasonable and within an independently calculated acceptable valuation range. We recalculated the unrealised gains/losses on Level 3 investments as at the year-end using the book-cost reconciliation and reviewed the fair value hierarchy disclosure for consistency with our understanding of the investments held.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Risk	Our response to the risk	Key observations communicated to the Audit, Risk and Valuation Committee
	For all new purchases of unquoted investments made during the year, we obtained supporting documents and agreed these to the purchase cost per the accounting records and to bank statements. We corroborated a sample of inputs used in the valuation to underlying supporting information. We compared the Company's quoted and unquoted investment holdings at 31 December 2023 to an independent confirmation received directly from the Company's Custodian and Depositary. All investments were confirmed by the Company's Custodian and Depositary.	

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £2.17 million which is 1% (2022: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

In the prior year, the predecessor auditor determined materiality for the Company to be £2.75 million, which was approximately 1% of shareholder's funds.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £1.09 million. We have set performance materiality at this percentage due to this being our first year of auditing the Company.

In the prior year, the predecessor auditor determined performance materiality for the Company to be £1.92 million, which was 70% of planning materiality.

Reporting threshold

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

We agreed with the Audit, Risk and Valuation Committee that we would report to them all uncorrected audit differences in excess of £0.11 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In the prior year, the predecessor auditor determined reporting threshold for the Company to be £0.14 million, which was 5% of planning materiality.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 42.
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 42.
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 42.
- Directors' statement on fair, balanced and understandable set out on page 58.
- Board's confirmation that it has carried out a robust assessment of the principal and emerging risks and uncertainties set out on pages 38 to 41.
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 49 to 51; and
- The section describing the work of the Audit, Risk and Valuation Committee set out on pages 49 to 51.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 58, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK GAAP, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit, Risk and Valuation Committee and Company Secretary, review of Board and committee minutes and review of papers provided to the Audit, Risk and Valuation Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incorrect valuation of the unquoted investments and the resulting impact on unrealised gains/(losses). Further discussion of our approach is set out in the section on key audit matters above which include our response to the fraud risks and other areas of audit focus.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company. As disclosed in director's report, the Company undertook a series of share buybacks in the year to 31 December 2022 and 31 December 2023 without the availability of sufficient distributable reserves and was therefore not compliant with the requirements of the Companies Act 2006. This was rectified during the year to 31 December 2023 through the cancellation and conversion of the Company's share premium account to

a distributable reserve. We reviewed the legal advice sought by the Directors, the accounting treatment to rectify the non-compliance and the disclosures made within the annual report and financial statements to conclude on the matter.

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

Other matters we are required to address

– Following the recommendation from the Audit, Risk and Valuation Committee, we were appointed by the Company on 21 June 2023 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ended 31 December 2023.

– The 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.

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

27 March 2024

Income Statement
for the year ended 31 December 2023

	Note	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Losses on investments held at fair value through profit or loss		–	(32,015)	(32,015)	–	(175,669)	(175,669)
Net foreign currency gains		–	42	42	–	583	583
Income from investments	2	784	–	784	479	–	479
Gross return/(loss)		**784**	**(31,973)**	**(31,189)**	**479**	**(175,086)**	**(174,607)**
Management fee	3	(1,252)	–	(1,252)	(1,989)	–	(1,989)
Administrative expenses	4	(1,341)	–	(1,341)	(1,237)	–	(1,237)
Net loss before finance costs and taxation		**(1,809)**	**(31,973)**	**(33,782)**	**(2,747)**	**(175,086)**	**(177,833)**
Finance costs	5	(16)	–	(16)	(304)	–	(304)
Net loss before taxation		**(1,825)**	**(31,973)**	**(33,798)**	**(3,051)**	**(175,086)**	**(178,137)**
Taxation	6	–	–	–	–	–	–
Net loss after taxation		**(1,825)**	**(31,973)**	**(33,798)**	**(3,051)**	**(175,086)**	**(178,137)**
Loss per share (pence)	7	**(0.20)**	**(3.57)**	**(3.77)**	**(0.34)**	**(19.30)**	**(19.64)**

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 on ordinary activities 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 69 to 81 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 31 December 2023

	Note	Called-up share capital	Share premium	Capital redemption reserve	Special reserve	Capital reserves	Revenue reserve	Total
At 31 December 2021		**9,086**	**891,017**	**–**	**–**	**(439,105)**	**(24,127)**	**436,871**
Repurchase and cancellation of the Company's own shares		(44)	–	44	–	(812)	–	(812)
Net loss after taxation		–	–	-	–	(175,086)	(3,051)	(178,137)
At 31 December 2022		**9,042**	**891,017**	**44**	**–**	**(615,003)**	**(27,178)**	**257,922**
Cancellation of share premium[1]		–	(891,017)	–	891,017	–	–	–
Repurchase and cancellation of the Company's own shares		(469)	–	469	(7,872)	812	–	(7,060)
Net loss after taxation		–	–	–	–	(31,973)	(1,825)	(33,798)
At 31 December 2023	11,12	**8,573**	**–**	**513**	**883,145**	**(646,164)**	**(29,003)**	**217,064**

[1] Following an application to the Court on 18 July 2023, the Company has cancelled its share premium and converted it to a distributable reserve.

The notes on pages 69 to 81 form an integral part of these accounts.

Statement of Financial Position
at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	210,093	242,504
Current assets			
Debtors	9	5,511	160
Cash and cash equivalents	9	2,913	16,122
		8,424	**16,282**
Current liabilities			
Creditors: amounts falling due within one year	10	(1,453)	(864)
Net current assets		**6,971**	**15,418**
Total assets less current liabilities		**217,064**	**257,922**
Net assets		**217,064**	**257,922**
Capital and reserves			
Called-up share capital	11	8,573	9,042
Share premium	12	–	891,017
Capital redemption reserve	12	513	44
Special reserve	12	883,145	–
Capital reserves	12	(646,164)	(615,003)
Revenue reserve	12	(29,003)	(27,178)
Total equity shareholders' funds		**217,064**	**257,922**
Net asset value per share (pence)	13	**25.32**	**28.52**

These accounts were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

Tim Edwards
Chair

The notes on pages 69 to 81 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 2023

	2023 £'000	2022 £'000
Operating activities		
Net loss before finance costs and taxation	**(33,782)**	**(177,833)**
Adjustments for		
Capital loss before taxation	31,973	175,669
(Increase)/decrease in debtors	(134)	11
Increase/(decrease) in creditors	514	(316)
Net cash outflow from operating activities	**(1,429)**	**(2,469)**
Investing activities		
Purchases of investments	(35,999)	(17,422)
Sales of investments	31,178	40,148
Net cash (outflow)/inflow from investing activities	**(4,821)**	**22,726**
Financing activities		
Repurchase and cancellation of the Company's own shares	(6,985)	(812)
Finance costs	(16)	(400)
Bank loan repaid	–	(22,000)
Net cash outflow from financing activities	**(7,001)**	**(23,212)**
Change in cash and cash equivalents	**(13,251)**	**(2,955)**
Cash and cash equivalents at the beginning of the year	16,122	19,077
Exchange movements	42	–
Cash and cash equivalents at the end of the year	**2,913**	**16,122**

Dividends received during the year amounted to £311,000 (2022: £425,000) and deposit interest receipts amounted to £376,000 (2022: £15,000).

The notes on pages 69 to 81 form an integral part of these accounts.

1. Accounting Policies

(a) Basis of accounting

Schroders Capital Global Innovation 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, except for certain financial information required by paragraph 82(c) regarding unquoted holdings with a value greater than 5% of the portfolio or included in the top 10, where information is not publicly available. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis with investments at fair value through profit or loss. The Directors believe that the Company has adequate resources to continue operating for the period to 31 March 2025, which is at least 12 months from the date of approval of these accounts. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; the Company's revenue and cashflow forecasts and the liquidity of the Company's investments. The Directors have also considered any potential impact of climate change on the viability of the Company. Further details of directors' considerations regarding this are given in the Chair's Statement, Investment Managers' Review, Going Concern Statement, Viability Statement and under the principal and emerging risks and uncertainties.

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 2022.

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

(b) Use of judgements, estimates and assumptions

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

Judgements, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates in the accounts are the determination of the fair values of the unquoted investments by the Investment Manager for consideration by the Directors.

These estimates are key, as they significantly impact the valuation of the unquoted investments at the year end. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The key judgements, estimates and assumptions are described in note 17 on pages 76 and 77.

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

(c) 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. The Company's AIFM conducts valuations for the portfolio holdings on a quarterly basis. Each quarter, the Audit, Risk and Valuation 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. Investments in shares that are not quoted on any stock exchange (unquoted investments) represent a significant part of the Company's portfolio and may include common stock, preferred stock, warrants and other option-like instruments. Those investments are carried at their estimated fair values, consistent with the UK accounting convention FRS 102 and the recommendations on best practices of the International Private Equity and Venture Capital ("IPEV") guidelines issued in December 2022. The following factors will be considered in determining the fair value of an unquoted asset:

(i) Investments which are not traded in an active market are valued using the price of a recent investment, where there are no factors observed to suggest a material change in fair value.

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

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

   a. Revenue, Gross Profit or EBITDA multiples, based on listed investments and private market transactions in the relevant sector, adjusted for differences such as lack of marketability, size and growth profile.

   b. Recent transaction prices adjusted for the company's performance against key milestones and the complexity of the capital structure.

1. Accounting Policies continued

(c) Valuation of investments continued

c. Probability-weighted expected return scenarios, discounted at a risk-adjusted rate of return.

d. Discounted cash flows analyses based on estimate future cash flows with an appropriate discount rate.

e. Option price modelling.

(iv) Investments in funds (which are invariably comprised of unquoted investments) are valued using the NAV per unit with an appropriate discount or premium applied to arrive at a unit price.

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.

(d) Accounting for reserves

Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and in capital reserves within "Net movement in investment holding gains and losses".

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

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.

(e) Income

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

Overseas dividends are included gross of any withholding tax.

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

(f) Expenses

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

– Any performance fee is charged wholly to capital.

– Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 8 on page 74.

(g) Finance costs

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

(h) Financial instruments

Cash and cash equivalents 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.

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

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

(i) 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.

(j) Value added tax ("VAT")

Expenses are disclosed inclusive of any related irrecoverable VAT.

(k) Foreign currency

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

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at close of business on the accounting date.

(l) 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.

(m) 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 the "Special reserve" in the current year, and dealt with in the Statement of Changes in Equity. These costs were charged to the "Capital Reserve" in the prior year. 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

	2023 £'000	2022 £'000
Income from investments		
UK dividends	256	425
Interest from debt securities	166	20
Bank interest	362	34
	784	**479**

3. Management fee

	2023 £'000	2022 £'000
Management fee	1,252	1,989
	1,252	**1,989**

Under the terms of the AIFM 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 page 47. No performance fee is payable for the current or prior year and no provision is required at 31 December 2023.

Details of all transactions with the Manager are given in note 15 on page 76.

4. Administrative expenses

	2023 £'000	2022 £'000
Other administration expenses[1]	632	529
Legal and professional fees[2]	304	97
Valuation fees[3]	21	275
Directors' fees[4]	196	186
Auditor's remuneration[5]	188	150
	1,341	**1,237**

[1] Prior year fee adjusted to split out legal and professional fee and include irrecoverable VAT on Auditors renumeration.

[2] Legal and professional fees are disclosed on a separate line due to the size of the current years fee. The increase in fee is due to one off costs in relation to the revolving credit facility and the cancellation of the share premium reserve.

[3] The valuation fees have reduced significantly in the current year due to an over accrual at the prior year end.

[4] Details payable to the Directors are given in the Directors' Remuneration Report on pages 55 to 57.

[5] No amounts are payable to the Auditor for non-audit services. In the prior year the audit fee was disclosed including VAT amounting to £30,000. For consistency with industry practice, the audit fee in the table above is shown excluding VAT with any irrecoverable VAT included as part of other administrative expenses and the comparative figure reflects this change.

5. Finance costs

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	16	304
	16	**304**

6. Taxation

(a) Analysis of tax charge for the year

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Taxation on ordinary activities	–	–	–	–	–	–

The Company has no corporation tax liability for the year ended 31 December 2023 (2022: nil).

(b) Factors affecting tax charge for the year

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net loss on ordinary activities before taxation	(1,825)	(31,973)	(33,798)	(3,051)	(175,086)	(178,137)
Net loss on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 23.5% (2022: 19.0%)	(429)	(7,514)	(7,943)	(580)	(33,266)	(33,846)
Effects of:						
Capital loss on investments	–	7,514	7,514	–	33,266	33,266
UK dividends which are not taxable	(60)	–	(60)	(81)	–	(81)
Disallowed expenses	7	–	7	24	–	24
Unrelieved loan relationship deficit	–	–	–	48	–	48
Unrelieved management expenses	482	–	482	589	–	589
Taxation on ordinary activities	**–**	**–**	**–**	**–**	**–**	**–**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset £8,042,000 (2022: £7,529,000) arising from unutilised tax losses of £32,169,000 (2022: £30,117,000) based on a prospective corporation tax rate of 25.0% (2022: 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.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

7. Return/(loss) per share

	2023 £'000	2022 £'000
Revenue loss	(1,825)	(3,051)
Capital loss	(31,973)	(175,086)
Total loss	**(33,798)**	**(178,137)**
Weighted average number of shares in issue during the year	895,075,078	907,291,950
Revenue loss per share	(0.20)	(0.34)
Capital loss per share	(3.57)	(19.30)
Loss per share (pence)	**(3.77)**	**(19.64)**

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

8. Investments held at fair value through profit or loss

(a) Movement in investments

	2023 £'000	2022 £'000
Opening book cost	581,253	622,857
Opening investment holding losses	(338,749)	(181,958)
Opening fair value	242,504	440,899
Purchases at cost	35,999	17,422
Sales proceeds	(36,395)	(40,148)
Losses on investments held at fair value through profit or loss	(32,015)	(175,669)
Closing fair value	210,093	242,504
Closing book cost	553,693	581,253
Closing investment holding losses	(343,600)	(338,749)
Closing fair value	**210,093**	**242,504**

The Company received £36,395,000 (2022: £40,148,000) from investments sold in the year. The book cost of the investments when they were purchased was £63,560,000 (2022: £59,026,000). 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.

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

Material revaluations of unquoted investments during the year 2023

	Opening valuation at 31 December 2022 £'000	Valuation adjustment £'000	Purchases/ (disposals) £'000	Closing valuation at 31 December 2023 £'000
Atom Bank	31,686	(8,581)	–	**23,105**
Ada Health	7,122	2,516	–	**9,638**
Revolut LLP	5,436	2,452	–	**7,888**
Federated Wireless	11,227	(4,835)	–	**6,392**
Kymab	1,831	4,539	–	**6,370**
Genomics	8,854	(3,715)	–	**5,139**
BenevolentAI	11,935	(9,679)	(80)	**2,176**
AMO Pharma	16,408	(15,058)	–	**1,350**

Material revaluations of unquoted investments during the year 2022

	Opening valuation at 31 December 2021 £'000	Valuation adjustment £'000	Purchases/ (disposals) £'000	Closing valuation at 31 December 2022 £'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**

Material disposals of unquoted investments during the year 2023

	Book cost £'000	Carrying value at 31 December 2022 £'000	Sales Proceeds £'000	Gain based on carrying value at 31 December 2023 £'000
Tessian	4,806	3,928	5,217	**1,289**

8. Investments held at fair value through profit or loss continued

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

Material disposals of unquoted investments during the year 2022

	Book cost £'000	Carrying value at 31 December 2021 £'000	Sales Proceeds £'000	Gain based on carrying value at 31 December 2022 £'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:

	2023 £'000	2022 £'000
On acquisitions	–	–
On disposals	10	8
	10	**8**

9. Current assets

Debtors	2023 £'000	2022 £'000
Securities sold awaiting settlement	5,217	–
Dividends and interest receivable	191	94
Other debtors	103	66
	5,511	**160**

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

Cash and cash equivalents

The carrying amount of cash, amounting to £2,913,000 (2022: £16,122,000) represents its fair value.

10. Creditors: amounts falling due within one year

Creditors: amounts falling due within one year	2023 £'000	2022 £'000
Repurchase and cancellation of the Company's own shares awaiting settlement	75	–
Management fee payable	633	373
Other creditors and accruals	745	491
	1,453	**864**

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

11. Called-up share capital

	2023 £'000	2022 £'000
Ordinary shares of 1p each allotted, called up and fully paid:		
Opening balance of 904,219,238 (2022: 908,639,238) shares	9,042	9,086
Repurchase and cancellation of 46,859,212 (2022: 4,420,000) shares	(469)	(44)
Closing balance of 857,360,026 (2022: 904,219,238) shares	**8,573**	**9,042**

During the year, the Company made market purchases of 46,859,212 of its own shares, nominal value £469,000, for cancellation, representing 5.2% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £7,060,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

12. Reserves

	Share premium[1] £'000	Capital redemption[2] £'000	Special reserve[3] £'000	Losses on sales of investments[4] £'000	Investment holding losses[5] £'000	Revenue reserve[6] £'000
	Capital reserves					
At 31 December 2022	**891,017**	**44**	**–**	**(275,594)**	**(339,409)**	**(27,178)**
Losses on sales of investments based on historic cost	–	–	–	(27,164)	–	–
Net movement in investment holding gains and losses	–	–	–	–	(4,851)	–
Repurchase and cancellation of the Company's own shares	–	469	(7,872)	812	–	–
Exchange gains	–	–	–	42	–	–
Cancellation of share premium	(891,017)	–	891,017	–	–	–
Retained revenue loss for the year	–	–	–	–	–	(1,825)
At 31 December 2023	**–**	**513**	**883,145**	**(301,904)**	**(344,260)**	**(29,003)**

	Share premium[1] £'000	Capital redemption[2] £'000	Special reserve[3] £'000	Losses on sales of investments[4] £'000	Investment holding losses[5] £'000	Revenue reserve[6] £'000
	Capital reserves					
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 the Company's own 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)**

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

[1] The share premium reserve 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. Following an application to the Court on 18 July 2023, the Company has cancelled its share premium and converted it to a distributable reserve.

[2] The capital redemption reserve represents the accumulated nominal value of shares repurchased for cancellation. This reserve is not distributable.

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

[4] 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.

[5] 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.

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

13. Net asset value per share

	2023	2022
Net assets (£'000)	217,064	257,922
Shares in issue at the year end	857,360,026	904,219,238
Net asset value per share (pence)	25.32	28.52

14. Uncalled capital commitments

At 31 December 2023, the Company had uncalled capital commitments amounting to £3,275,000 (2022: £5,121,000) in respect of follow-on investments, which may be called by investee companies, subject to their achievement of certain milestones and objectives.

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

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of the management fee calculation are given in the Directors' Report on page 47. A management fee amounting to £1,252,000 (2022: £1,989,000) is payable to Schroder Investment Management Limited for the year ended 31 December 2023, of which £633,000 (2022: £373,000) was outstanding at the year end.

Fees amounting to £165,000 (2022: £41,000) were payable to Schroder Unit Trusts Limited for services as AIFM, following its appointment as AIFM with effect from 1 October 2022, of which £206,000 (2022: £41,000) was outstanding at the year end.

There were no further fees paid to Link Fund Solutions Limited for services as AIFM (2022: £65,000).

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 £128,000 (2022: £17,000 for the three months ended 31 December 2022), of which £60,000 (2022: £17,000) was outstanding at the year end.

No Director of the Company served as a Director of any member of the Schroder Group or its affiliates at any time during the year.

16. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 56 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 57. Details of transactions with the Manager, the AIFM and its associated companies are given in note 15 above. There have been no other transactions with related parties during the year (2022: nil).

17. 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(c) on page 70 and 1(g) on page 70. Level 3 investments have been valued in accordance with note 1(c)(i) - (iv).

The primary technique for investments with no expected short-term earnings or where the investment outcome is based on a discrete set of (often binary) scenarios and for which investments are funded for, is the milestone approach. This is typically the case for pre-revenue and clinical life science investments. The milestone approach is based on a set of agreed milestones at the time of the initial investment. These include various measurements depending on the type of investment, the industry as well as the key drivers of the investment company. Progress against these milestones is measured at each valuation date and drives fair value changes. If a milestone event was achieved or if it was failed to achieve, a variety of valuation techniques may be used to quantify the resulting fair value impact.

The primary technique for investments that are producing either maintainable revenues or earnings is the market approach. This approach determines the fair value of a company based on the market price of selected comparable companies or recent transactions (or a combination of both) and its relationship to relevant performance measures with the assumption that the relationship between the market price and the financial performance of the comparable company is similar. The relevant multiples can be subject to adjustments for general qualitative differences between the underlying portfolio company and the comparable companies. These adjustments may include, but are not limited to, differences due to size, marketability, growth profile or the market size of end-markets.

The primary technique for investments that have not yet or have just commenced to produce revenues and that possess material future earnings potential is the Probability-Weighted-Expected-Return-Method ("PWERM"). It involves estimating the expected cash flows of the company under different scenarios, such as best-case, base-case, and worst-case scenarios. Each scenario is assigned a probability based on the likelihood of its occurrence. The expected cash flows are then discounted back to their present value using an appropriate discount rate, which reflects the risk and uncertainty associated with each scenario. The PWERM approach also considers other factors such as changes in market conditions, industry trends, competitive landscape, regulatory changes, and other macroeconomic factors. Adjustments are made to the cash flow projections and discount rates to reflect these factors and their potential impact on the company's value.

Once a company's value is established, it is allocated to the company's various share classes. Early-stage, venture and growth investments typically possess complex capital structures with varying rights and economic preferences attached to each share class. To assess the relative value of these individual share classes, either a qualitative scenario-analysis of the expected ultimate pay-off profile of each share class, or an option pricing model is utilised. The relative value of each share class is dependent on the expected time to exit, volatility, and other relevant quantitative or qualitative parameters.

The following table provides an overview of the select (primary) valuation techniques:

Valuation techniques	Key input	Range of metric utilised	% of unquoted portfolio
Market approach			
Arm's length transaction Adjusted transaction price	Premium/(discount) to last negotiated price	(33.9)% to 7.3%	9.7 28.2
Multiples-based	Multiple of Sales Multiple of Gross Profit	7.0x to 9.5x 9.0x to 13.6x	33.3
Milestone approach Probability-weighted-expected return	Discount rate	17.5% to 35.0%	8.3 13.5
Third-party fund NAV	N/A	N/A	7.5

N/A No range utilised.

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

	2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	54,603	9,733	2,176	66,512
– unquoted	–	–	143,581	143,581
Total	**54,603**	**9,733**	**145,757**	**210,093**

The Level 2 asset relates to the holding in Schroders Special Situations - Sterling Liquidity Plus Fund. BenevolentAI is quoted, but the market is inactive. Thus its valuation has been determined in accordance with the process followed for unquoted assets and included in Level 3 above.

	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**

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

	2023 £'000	2022 £'000
Opening book cost	458,690	482,416
Opening investment holding losses	(299,897)	(263,548)
Opening valuation	158,793	218,868
Purchases at cost	22,759	17,422
Sales proceeds	(6,056)	(19,289)
Transfer between Level 3 and Level 1	–	(19,152)
Net movement in investment holding gains and losses	(29,739)	(39,056)
Closing valuation	145,757	158,793
Closing book cost	473,660	458,690
Closing investment holding losses	(327,903)	(299,897)
Total level 3 investments held at fair value through profit or loss	**145,757**	**158,793**

The Company received £6,056,000 (2022: £19,289,000) from Level 3 investments sold in the year. The book cost of the investments when they were purchased was £7,789,000 (2022: £20,384,000). 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.

18. 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; 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.

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 items that have foreign currency exposure at 31 December are shown below.

	2023				
	Euro £'000	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash and cash equivalents	11	–	3	583	597
Investments held at fair value through profit or loss	22,051	–	6,997	70,255	99,303
Total net foreign currency exposure	**22,062**	**–**	**7,000**	**70,838**	**99,900**

	2022				
	Euro £'000	Norwegian Krone £'000	Swiss Francs £'000	US Dollars £'000	Total £'000
Cash and cash equivalents	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**

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% (2022: 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:

	2023 £'000	2022 £'000
Income Statement – return after taxation		
Revenue return	17	–
Capital return	9,990	10,449
Total return after taxation	**10,007**	**10,449**
Net assets	**10,007**	**10,449**

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

	2023 £'000	2022 £'000
Income Statement – return after taxation		
Revenue return	(17)	–
Capital return	(9,990)	(10,449)
Total return after taxation	**(10,007)**	**(10,449)**
Net assets	**(10,007)**	**(10,449)**

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:

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**2,913**	**16,122**

The floating rate assets comprise cash deposits on call. Sterling cash deposits at call earn interest at floating rates based on Sterling Overnight Index Average rates ("SONIA").

The above year end amount may not be representative of the exposure to interest rates during the year, due to fluctuating cash balances.

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.5% (2022: 1.5%) 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.

	2023		2022	
	1.5% increase in rate £'000	1.5% decrease in rate £'000	1.5% increase in rate £'000	1.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	44	(44)	242	(242)
Capital return	–	–	–	–
Total return after taxation	44	(44)	242	(242)
Net assets	44	(44)	242	(242)

Given the increase in UK interest rates, the interest rate sensitivity has been updated to 1.5%. The prior year disclosure has been updated to 1.5% to show a direct comparison in the sensitivity. In the prior year report, the sensitivity was calculated using 1.0%, which was representative of the market at 31 December 2022. As disclosed in the prior year annual report, an increase of 1.0% increased total return after taxation by £161,000 (a decrease of 1.0% had an equal and opposite effect).

18. Financial instruments' exposure to risk and risk management policies continued

(a) Market risk continued

(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 market 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 price risk exposure

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

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	**210,093**	**242,504**

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 20. 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 six (2022: five) investments amounting to approximately £28.6 million (2022: £61.5 million), representing 13.2% (2022: 23.8%) 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% (2022: 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.

	2023		2022	
	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	42,019	(42,019)	48,501	(48,501)
Total return after taxation and net assets	42,019	(42,019)	48,501	(48,501)
Percentage change in net asset value	**19.4**	**(19.4)**	**18.8**	**(18.8)**

(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 £64,336,000 (2022: £83,711,000), which can be sold to meet ongoing funding requirements. Additionally, the Company has level 3 investments valued at £145,757,000 (2022: £158,793,000) 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:

	2023				2022			
	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								
Other creditors and accruals	1,453	–	–	**1,453**	864	–	–	**864**
Uncalled capital commitments	549	1,328	1,398	**3,275**	–	1,700	3,421	**5,121**
	2,002	**1,328**	**1,398**	**4,728**	**864**	**1,700**	**3,421**	**5,985**

(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 A1 with Moody's. The Company's investments are held in accounts which are segregated from the custodian's own trading assets. If the custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the custodian as banker and held on the custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the custodian in respect of cash balances.

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the current and comparative year ends. No debtors are past their due date and none have been provided for. There has been no stock lending during the year, or prior year.

(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.

19. Analysis of changes in net debt

	At 31 December 2022 £'000	Cashflows £'000	At 31 December 2023 £'000
Cash and cash equivalents			
Cash and cash equivalents	**16,122**	(13,209)	**2,913**

20. Capital management policies and procedures

The Company's capital is represented by its net assets and borrowings, which are managed to achieve the Company's investment objective, as set out on page 33. The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. 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 AGM 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 equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024.

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

	2023 £'000	2022 £'000
Equity		
Called-up share capital	8,573	9,042
Reserves	208,491	248,880
	217,064	257,922
Total debt and equity	**217,064**	**257,922**

21. Post balance sheet events

On 14 March 2024, OcuTerra Therapeutics, Inc., one of the Company's life-science investments, published study results for its lead therapeutic candidate in Phase 2 of clinical development. The results from its Phase 2 clinical trial (DR:EAM), which evaluated the safety and efficacy of its single clinical stage experimental therapeutic OTT166 (nesvategrast) in patients with diabetic retinopathy, demonstrated OTT166 to be safe and well tolerated but the study did not meet its primary efficacy endpoint. The review of the full dataset from the DR:EAM trial to evaluate the future of OTT166 is ongoing.

The Company has assessed this development and considers this to be a non-adjusting event for these financial statements. It currently estimates a negative valuation adjustment to £1.5 million, a decrease of 1.5% on the 31 December 2023 net asset value. It is anticipated that the full magnitude of the valuation adjustment will be reflected in the quarterly net asset value as of 31 March 2024.

Other Information (Unaudited)

Other Information (Unaudited)

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 22 May 2024 at 12.30 pm. The formal Notice of Meeting is set out on page 85.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 concerns the Directors' Remuneration Report, which is set out on pages 55 to 57. Resolution 3 invites shareholders to elect Lamia Baker as a Director and resolutions 4 to 6 invites shareholders to re-elect each of the other Directors for another year following the recommendations of the Nomination and Remuneration Committee, set out on pages 53 and 54 (the Directors' biographies are set out on pages 44 and 45). Resolutions 7 and 8 concern the re-appointment and remuneration of the Company's Auditor, discussed in the Audit, Risk and Valuation Committee Report on pages 49 to 51.

Special business

Resolution 9: Directors' authority to allot shares (ordinary resolution) and resolution 10: power to disapply pre-emption rights (special resolution)

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

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £839,860.03 (being 10% of the issued share capital (excluding any shares held in treasury) as at the date of the Notice of AGM).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £839,860.03 (being 10% of the issued share capital as at the date of the Notice of AGM) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non-pre-emptive basis, pursuant to this authority other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 11: authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 21 June 2023, the Company was granted authority to make market purchases of up to 135,282,387 ordinary shares of 1p each for cancellation or holding in treasury. 62,624,212 shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 72,658,175 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to NAV. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of AGM (excluding treasury shares). The Directors will exercise this authority to buy back shares only when the share price is at a discount to the Company's NAV and only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue.

If renewed, this authority will lapse at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

Resolution 12: notice period for general meetings (special resolution)

Resolution 12 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than Annual General Meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval, if granted, will be effective until the Company's next AGM to be held in 2025. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the AGM of Schroders Capital Global Innovation Trust plc ("the Company") will be held at 12.30 pm on Wednesday, 22 May 2024 at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions, and resolutions 10 to 12 will be proposed as special resolutions:

1. To receive the Directors' Report and the audited accounts for the year ended 31 December 2023.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2023.
3. To elect Lamia Baker as a Director of the Company.
4. To re-elect Tim Edwards as a Director of the Company.
5. To re-elect Stephen Cohen as a Director of the Company.
6. To re-elect Jane Tufnell as a Director of the Company.
7. To re-appoint Ernst & Young LLP as Auditor to the Company.
8. To authorise the Directors to determine the remuneration of Ernst & Young LLP as Auditor to the Company.
9. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

   "THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £839,860.03 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2025, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."
10. To consider and, if thought fit, to pass the following resolution as a special resolution:

    "THAT, subject to the passing of Resolution 9 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 9 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £839,860.03 (representing 10% of the aggregate nominal amount of the share capital in issue at the date of this Notice); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
11. To consider and, if thought fit, to pass the following resolution as a special resolution:

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

    (a) the maximum number of Shares which may be purchased is 125,895,017 representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice;

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

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

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

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

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2025 (unless previously renewed, varied or revoked by the Company prior to such date);

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

    (f) any Shares so purchased will be cancelled or held in treasury."

To consider, and if thought fit, to pass the following resolution as a special resolution:

12. "THAT a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice."

By order of the Board

Schroder Investment Management Limited
Company Secretary

27 March 2024

Registered Office:

1 London Wall Place,
London EC2Y 5AU

Registered Number: 09405653

Explanatory Notes to the Notice of Meeting

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

   In order to be valid an appointment of proxy must be returned by one of the following methods:

   – online by following the instructions for the Equiniti's website Shareview, by either logging in or creating an online portfolio at www.shareview.co.uk.

   – in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   – Institutional investors may be able to use the Proxymity platform, please visit www.proxymity.io for further details.

   If you wish to receive a hard copy paper proxy form, please contact Equiniti Limited via one of the following methods:

   – Shareholder helpline: +44 (0) 800 032 0641 calls to 0800 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. If calling from outside the UK, please ensure the country code is used. Lines are open between 8.30am – 5.30pm, Monday to Friday, excluding public holidays in England and Wales; or

   – in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA United Kingdom.

   Completion of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

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

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   Shareholders are encouraged to register their appointment of proxy electronically via the internet and can do so through Equiniti's website Shareview, by either logging in or creating an online portfolio at www.shareview.co.uk and following the on-screen instructions. A proxy appointment made electronically will not be valid if sent to any other address other then those provided or if received after 12.30 pm on 20 May 2024 (excluding any parts of the day that is not a business day). If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0) 800 032 0641.

   Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12.30 pm. on 20 May 2024. If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0) 800 032 0641.

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

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

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

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

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 20 May 2024, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 20 May 2024 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.30pm on 20 May 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of their family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.
6. The biographies of the Directors offering themselves for election and re-election are set out on pages 44 and 45 of the Company's annual report and accounts for the year ended 31 December 2023.
7. As at 27 March 2024, 839,860,026 ordinary shares of 1 pence each were in issue, no ordinary shares were held in treasury. Therefore the total number of voting rights of the Company as at 27 March 2024 was 839,860,026.
8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the Company's web pages: www.schroders.com/inov.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its web pages setting out any matter relating to:
    (a) the audit of the Company's Accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Meeting; or
    (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its web pages.
11. The Company's privacy policy is available on its web pages: www.schroders.com/inov. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the Annual General Meeting.

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 25.32p (2022: 28.52p) represents the net assets attributable to equity shareholders of £217,064,000 (2022: £257,922,000) divided by the number of shares in issue of 857,360,026 (2022: 904,219,238).

The change in the NAV amounted to –11.2% (2022: –40.7%) over the year.

Total return*

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return). The Company has not declared a dividend in either 2022 or 2023.

The NAV total return for the year ended 31 December 2023 is calculated as follows:

Opening NAV at 31/12/22	28.52p
Closing NAV at 31/12/23	25.32p
NAV total return, being the closing NAV, expressed as a percentage change in the opening NAV:	(11.2%)

The NAV total return for the year ended 31 December 2022 is calculated as follows:

Opening NAV at 31/12/21	48.08p
Closing NAV at 31/12/22	28.52p
NAV total return, being the closing NAV, expressed as a percentage change in the opening NAV:	(40.7%)

The share price total return for the year ended 31 December 2023 is calculated as follows:

Opening share price at 31/12/22	15.47p
Closing share price at 31/12/23	14.65p
Share price total return, being the closing share price, expressed as a percentage change in the opening share price:	(5.3%)

Share price total return for the year ended 31 December 2022 is calculated as follows:

Opening share price at	31/12/21	33.10p
Closing share price at	31/12/22	15.47p
Share price total return, being the closing share price, expressed as a percentage change in the opening share price:		(53.3%)

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 42.1% (2022: 45.8%), as the closing share price of 14.65p (2022: 15.47p) was 42.1% (2022: 45.8%) lower than the closing NAV of 25.32p (2022: 28.52p).

(Net cash)/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 gearing figure at the year end is calculated as follows:

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash	2,913	(16,122)
Net assets	217,064	257,922
(Net cash)/gearing (%)	(1.3)	(6.3)

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 £2,593,000 (2022: £3,226,000), expressed as a percentage of the average daily net asset values during the year of £239,109,000 (2022: £330,194,000).

	2023 £'000	2022 £'000
Management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable	2,593	3,226
Average daily net asset values during the year	239,109	330,194
Ongoing charges ratio	1.08	0.98

*Alternative Performance Measure.

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.

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 31 December 2023 these were:

	% of net asset value	
Leverage exposure	**Maximum**	**Actual**
Gross method	310	97.06
Commitment method	120	100

The AIF is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage at 31 December 2023. An unleveraged position would be stated as 100%.

Web pages and share price information

The Company has dedicated web pages, which may be found at www.schroders.com/inov. The web pages 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 web pages contain links to announcements made by the Company to the market and Schroders' website.

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 web pages.

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	May
Half year end	30 June
Half-year results announced	September
Financial-year end	31 December
Annual results announced	March

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 web pages.

Remuneration disclosures

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

Publication of Key Information Document ("KID") by the AIFM

Pursuant to the Packaged Retail and Insurance-based Products 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 web pages.

How to invest

There are a number of ways to easily invest in the Company. The Manager has set these out at www.schroders.com/invest-in-a-trust/.

Complaints

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

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 https://register.fca.org.uk
- Report the matter to the FCA by calling 0800 111 6768 or visiting https://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 https://www.fca.org.uk/consumers/unauthorised-firms-individuals#list.

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

Information about the Company

www.schroders.com/inov

Directors

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Lamia Baker
Scott Brown
Stephen Cohen
Jane Tufnell

Registered office

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Tel: +44 (0) 20 7658 6000

Advisers

Alternative Investment Fund Manager (the "AIFM" or "Manager")

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

Investment Manager

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London EC2Y 5AU

Schroders Capital Management (Switzerland) AG
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Company Secretary

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London EC2M 7SH

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder Helpline:
0800 032 0641[1]
Website: www.shareview.co.uk

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

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

Other information

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:	INOV

Global Intermediary Identification Number (GIIN)

U73RHA.99999.SL.826

Legal Entity Identifier (LEI)

2138008X94M7OVE73I77

Privacy notice

The Company's privacy notice is available on its web pages.

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