Schroders

Schroder British Opportunities Trust plc

Report and Accounts for the year ended 31 March 2023

Investment objective

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

Target return

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

Investment policy

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

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

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

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

Why invest in SBO?

- A differentiated public and private investment strategy investing in high growth small & mid-sized UK companies.
- Provides access to a far larger universe of high quality, high growth UK companies than available from purely public markets.
- Executed by an established team of experienced investment professionals with strong track records, proven processes and extensive networks.
- A portfolio that aims to target companies that support the United Nations Sustainable Development Goals.

Scan this QR code on your smartphone camera to sign-up to receive regular updates on Schroder British Opportunities Trust plc.

The full investment policy can be found on the website.

Contents

Financial Highlights

Some of the financial measures below are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority, and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 86 together with supporting calculations where appropriate.

Returns for the year ended 31 March 2023

+3.1%

(Nine months ended 31 March 2022:[1] -4.0%)

Net asset value (“NAV”) per share

-18.5%

(Nine months ended 31 March 2022:[1] -20.0%)

Share price

Public 35.2% (31 March 2022: 57.6%)

Private 64.8% (31 March 2022: 42.4%)

Equity holdings

Other financial information

	31 March 2023	31 March 2022	% Change
Shareholders’ funds (£’000)	**79,311**	78,103	+1.5
Shares in issue	**73,900,000**	75,000,000	(1.5)
NAV per share (pence)	**107.32**	104.14	+3.1
Share price (pence)	**68.50**	84.00	(18.5)
Share price discount to NAV per share* (%)	**36.2**	19.3	
Net cash* (%)[2]	**(9.8)**	(19.8)	

	Year ended 31 March 2023	Nine months ended 31 March 2022[1]
Net revenue loss after taxation (£’000)	**(639)**	(577)
Net revenue loss per share (pence)	**(0.86)**	(0.77)
Dividend per share (pence)	**–**	–
Ongoing Charges* (%)[3]	**1.47**	1.39

[1] The Company changed its accounting date to 31 March commencing 1 July 2021. The comparative figures cover the nine month period from 30 June 2021 to 31 March 2022.

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

[3] Based on annualised ongoing charges where the financial year is less than a full year, in accordance with Association of Investment companies (“AIC”) guidance.

Chairman's Statement

I am pleased to present your Company's third report and accounts since the launch of the Company in 2020. This report covers the year ended 31 March 2023.

Investment policy

Your Company invests in a diversified mix of public and private companies, either based in the UK or generating a significant proportion of their revenue in the UK. We seek to invest in companies with potential for high growth and with strong ESG credentials, particularly where we believe these to be undervalued by the market. Our objective is to deliver long term and sustainable capital growth for shareholders.

Performance

Shareholders will be fully aware of the significant market volatility throughout the year under review. The war in Ukraine, inflation, rising interest rates after a prolonged period of close to free money, highly priced US technology stocks falling in value and the contagion from that, have all been factors. Fast growing companies that need cash to fuel their growth have generally been out of favour, but this sentiment has also hit other growth companies that are profitable already or have cash reserves that will fund them through to that point.

In certain areas of the private equity market there has been significant downwards revaluation, although this has generally not been the case in the part of the market that we focus on. We are not venture investors. We focus on the growth and the buyout sector. Of the Company's portfolio of nine private businesses, diversified across sectors, eight are either profitable or on a clear path to profitability. These companies have an average of c.40% revenue growth and good margins. Our decision to focus on this area of the private equity market has proved to be the right one in this environment. Our private portfolio contributed 10% to the Company's NAV during the period under review.

The Company's public holdings fell slightly in value as UK small and mid-cap stocks were badly affected by the macro factors affecting the market.

Despite this difficult environment, it is pleasing to report that your Company's NAV increased by 3.1% during the period (from 104.14p to 107.32p). This positive overall result highlights the benefit of blending public and private companies together in one portfolio.

Unfortunately, this robust NAV performance did not produce a commensurate improvement in our share price, which suffered a decline of -18.5%. The discount to NAV widened during the period under review from -19.3% to -36.2% as at 31 March 2023. The share price falling to this higher discount correlates with market sentiment towards growth stocks and private equity investment companies in particular. It is frustrating when our share price does not reflect the performance or the potential of the Company's portfolio.

Further comment on performance and portfolio activity can be found in the Portfolio Managers' review.

Valuations

The portfolio has a mix of public and private equities. Public investments are obviously valued at the prevailing market price. Shareholders in investment companies with a private portfolio are often sceptical of valuations when they don't see them change as much or as rapidly as they do in many public companies. Your Board considers its governance role in the private equities valuations process to be of utmost importance. We are fortunate to have a specialist valuations team within Schroders, who are independent of the Portfolio Managers, and who report their findings directly to the Board. The results we are reporting reflect their in-depth analysis and a discursive and challenging valuations process. In all cases, we use public market comparables.

In December 2022, revised international private equity and venture valuations (IPEV) guidelines were issued, built on industry best practice. Shareholders will be comforted to learn that the Company's valuation process was already fully compliant with these guidelines.

Discount management

The Board monitors the Company's discount levels and regularly reviews its share buyback policy. The Board instigated a highly accretive buyback, seeking to convey to the market our confidence in the value of the portfolio. 1,100,000 shares were purchased by the Company and are being held in treasury. These shares can be reissued when the share price recovers to a premium to NAV.

Dividend

No dividend has been declared or recommended for the year. Your Company is focused on providing capital growth and has a policy to only pay dividends to the extent that it is necessary to maintain the Company's investment trust status.

Portfolio Managers

The Company's portfolio has been co-managed by Rory Bateman (Schroders' Co-Head of Investment and Head of Equities), and Tim Creed (Schroders Capital's Head of Private Equity Investments). In view of recognising talent within the team, Uzo Ekwue and Peraveenan ('Pav') Sriharan will additionally join them as Co-Managers of the portfolio. Uzo is

Chairman's Statement

a Fund Manager within Schroders' UK Equity team, where she manages assets across the market cap spectrum. She joined Schroders in November 2020 and has been working closely alongside Rory since the Company's inception. Pav covers Schroders Capital's private equity investment activities in Europe and forms part of the technology and consumer sector groups. He started at Schroders in September 2012 and joined the private equity team in January 2022, and has been working closely with Tim on the Company's private investments since then.

Board

Chris Keljik, a non-executive Director since our IPO, resigned in February for personal reasons. We thank him and wish him well. The Board decided not to replace Chris immediately, conscious of our relatively small size and expense ratio. Chris's role as Chair of the Management Engagement Committee has been taken by current non-executive Director, Professor Tim Jenkinson. We believe the Board has adequate resources to manage workloads at this time but expects to recruit a replacement in due course. We will seek to add diversity to the Board when doing so.

The Board completed an evaluation of its performance during the year, taking input from Directors and related parties. It was concluded that Board performance was either at or above the standard in all areas measured.

Presentation from the Portfolio Managers

Our Portfolio Managers will be presenting at a webinar on Tuesday, 11 July 2023 from 10-11 am to provide some insight into their decision making and the current portfolio. Shareholders are encouraged to register for the event at: https://registration.duuzra.com/form/SBOAnnualResults23.

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

AGM

Our AGM will be held on Wednesday, 27 September 2023 at 1.00 pm at 1 London Wall Place, London EC2Y 5AU.

Your Board welcomes shareholders' comments and questions for them or for the Portfolio Managers. A short presentation will be given by the investment management team at the meeting. Please contact us via our Company Secretary's email: amcompanysecretary@schroders.com or, if you prefer to write in, to: The Company Secretary, Schroder British Opportunities Trust plc, at the above address. We will endeavour to get your questions answered at or prior to the AGM and will be providing answers to commonly asked questions on our webpage.

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

Why invest in SBO today?

I am often asked by private investors and wealth managers why they should invest in SBO at this time. If asked that question today, my response would be:

- 65% of total investments are in private companies.
- Eight of these nine investments are already profitable or have a clear pathway to profitability, that have in aggregate grown sales 40% over the past 12 months.
- We have had nine successive quarters of an increase in the valuation of the private portfolio.
- We also have some interesting positions in UK small to mid-cap public companies, which we expect to benefit from a re-rating when markets recover.

Outlook

The current economic environment is challenging and many company valuations are trading close to historic lows. In a number of cases there is disconnect between an investment company's share price and the value of its portfolio holdings, and that is certainly the case here. Your Board and the Portfolio Managers view our current discount as unjustly high and expect to see this start to close in the coming months.

Having avoided a recession, the UK's economy is showing some positive signs with inflation seemingly peaked, which in turn should limit further interest rate rises. Small and mid-cap stocks are expected to be early beneficiaries from any recovery.

The Company had £7.8 million in cash as at 31 March 2023, and therefore is well positioned to take advantage of new attractive investment opportunities.

Our differentiated public-private equity strategy enables us to continue to invest without boundaries, thus providing access to a broader investable universe. Our current portfolio of growing and innovative British companies are expected to perform well. The patient investor that can look beyond the recent and current environment should be well rewarded.

Neil England
Chairman

5 July 2023

Portfolio Managers' Review

Introduction

Summary

Financial performance

NAV per share increased by 3.1% over 12 months to 31 March 2023

Strong aggregate performance of private equity allocation, which now represents 65% of total investments

Resilient NAV performance since inception against challenging market backdrop

Key positives over the year included:

- Mintec
- Cera
- EasyPark

Key negatives over the year included:

- Graphcore
- National Express
- GB Group

Portfolio overview

Focus on quality, growing and mostly profitable companies (74% of total investments were profitable*), that have strong balance sheets and that can sustainably compound their earnings over the long run

Unquoted allocation focused on growth capital and small/mid market buyout-stage companies, avoiding areas at greater valuation risk

Disconnect between share price and value of portfolio holdings

New investments

Mintec, CFC, Pirum (unquoted) and Bytes Technology (quoted)

Exited bids

Euromoney, EMIS and Ideagen sold after receiving bids, illustrating success in identifying undervalued businesses

Distribution

First cash generation (£2.4m) from private equity holdings, following Culligan and Waterlogic combination

Outlook

Opportunity in quoted UK companies

UK small and mid caps have substantial re-rating potential in sustained economic recovery

UK equities remain unloved compared to world markets and UK corporates possess strong balance sheets on aggregate

New drivers of PE market returns

Strategies focused on identifying companies that exhibit strong underlying financial performance poised to do well

Buy and build strategies also have potential to succeed

Future investments

£7.8m cash position (as at 31 March 2023) to deploy in volatile markets

More flexibility to invest in PE investments as 50:50 guidance and the private equity limit removed

Figures as at 31 March 2023. *Based on EBITDA profitability.

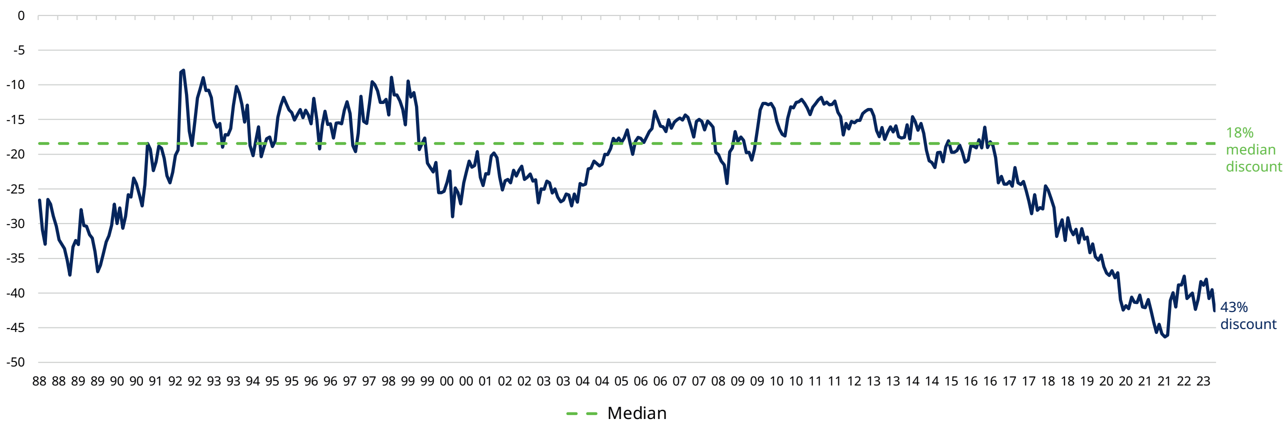
The investment case

At present, there are many instances where there is a disconnect between an investment company's share price and the value of its portfolio holdings, and we believe this is certainly the case with the Company. We believe the investment case is currently enhanced by two forms of discount.

Firstly, the UK is among the lowest valued of any regional stock markets at present, with a notable valuation discount to global peers (illustrated in the below figure). This provides investors with the opportunity to invest in UK assets at a discount to what they would be worth if they were listed, in say, the US.

UK equities unloved: valuations extremely low relative to global equities in a historical context

Average valuation premium/(discount)*: MSCI UK vs MSCI World



Source: Morgan Stanley Research. 1 January 1988 to 31 May 2023. MSCI UK versus MSCI World. *Based on blended valuation metric comprised of price-to-earnings, price to book value and dividend yield.

For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Portfolio Managers' Review

Furthermore, listed UK small and mid-cap companies (the focus of the portfolio's public equity allocation) have notably underperformed UK large caps over the past year, as fast-growing small and mid-cap businesses in new and emerging industries were shunned for most of the period in preference for large companies able to return cash today. We are confident that UK small and mid-caps are poised to do well from here, which we discuss in the outlook section.

Secondly, the Company's shares are priced at a discount to NAV, which we believe is driven by exogenous factors. To demonstrate this, in early 2022 the shares reached a modest premium to NAV until unexpected geopolitical factors and negative sentiment around the private equity asset class drove the Company's shares to trade at a discount. While the discount grew throughout the course of the year, it has recently stabilised for several months at the low-to-mid 30% region. While other private equity-exposed investment trusts have also slipped to a discount, the operational performance of the Company's unlisted holdings has, in aggregate, been very positive since inception and momentum remains generally strong, illustrated by the below underlying metrics and ultimately by continued valuation uplifts.

Key private equity allocation metrics

~40%

Sales growth (last 12 months)

~45%

EBITDA margin (last 12 months)

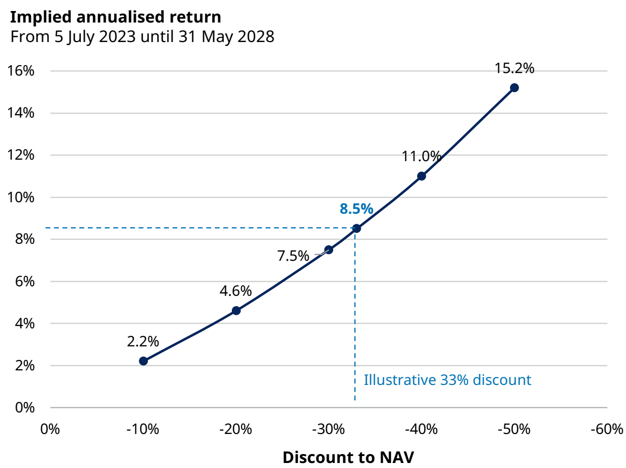
EBITDA = earnings before interest, taxes, depreciation and amortization. EBITDA margin is a measure of a company's operating profit as a percentage of its revenue. Weighted averages using latest last 12 month figures available.

We believe this operational performance reflects the resilient characteristics we are seeking to invest in and the maturity of our portfolio companies, which are already at profitability (74% as at 31 March 2023[1]) or approaching it, while growing revenues quickly. In short, we believe the combination of these two discounts provides a window of opportunity for investors to buy a quality, fast-growing portfolio of predominantly UK businesses at a wide discount.

Additionally, the winding-up resolution, a feature of the Company since its inception, should act as a catalyst to the closing of the discount[2]. While only an illustration, assuming a recent discount of 33% to net asset value remains, this may imply that investors could see an approximate 8.5% annualised return on their investment from now until 31 May 2028 (assuming a hypothetical crystallisation of all investments on 31 May 2028). While only illustrative, we believe this is a notable return profile. If the discount exacerbates, the return increases further. We have modelled this below for illustrative purposes. While it may be argued that this annualised return is only achievable if we realise par, we are confident this is achievable as cash is tradeable at cash, the public equity portfolio is valued at market and the private equity portfolio is valued above cost despite turbulent markets.

[1]On an EBITDA profitability view
[2]The Articles require the Directors to put forward, at a general meeting of the Company to be held in the year 2028 but in any event no later than 31 May 2028, a winding-up resolution to place the Company into voluntary liquidation.

Illustrative example: implied annualised return



Source: Schroders. For illustrative purposes only. Readers of this document should not rely on forward-looking statements due to the inherent uncertainty. Implied annualised return represents the extended internal rate of return, taking into account cash flows and discount rates, as well as the corresponding dates.

Portfolio Managers' Review

Market

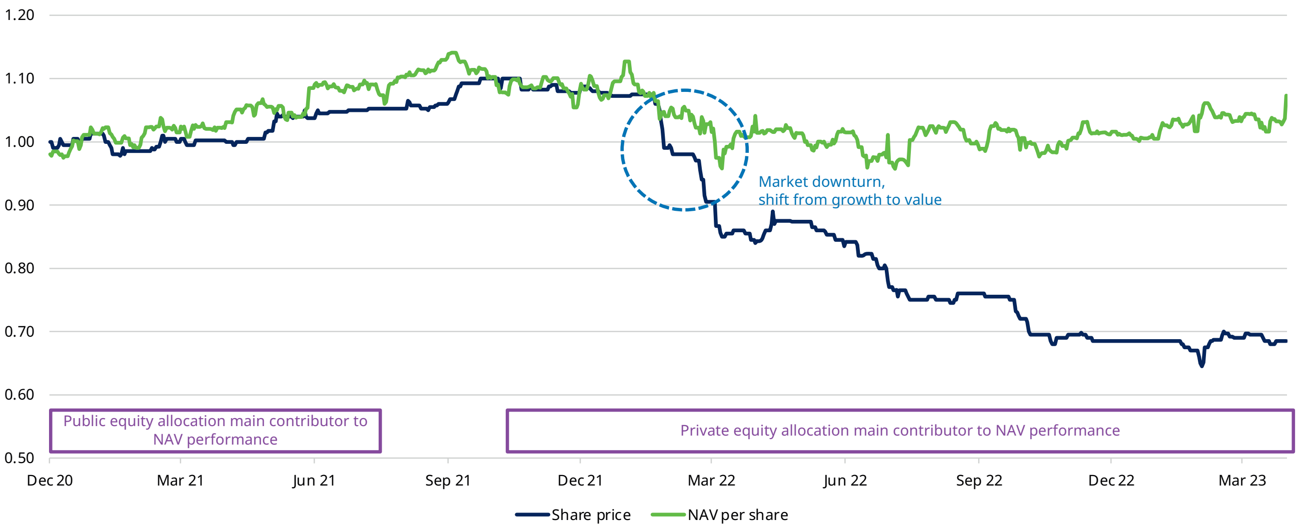
Over the 12 months to end March 2023, UK small and mid-cap stocks performed poorly as their valuations were negatively impacted by rising interest rates, as Russia's invasion of Ukraine looked set to prolong the inflation problem facing developed economies. UK mid-caps and UK small caps (represented by the FTSE 250 and FTSE Small Cap indices) saw total returns of –7.9% and –9.0% respectively, while UK large caps (represented by the FTSE 100) returned +5.4%.[3] The UK small and mid-cap area of the market has a larger contingent of fast-growing businesses in new and emerging industries, which were shunned for most of 2022 in preference for large companies able to return cash today. At the same time, higher interest rates threatened to further squeeze consumers also struggling to cope with soaring energy and food costs, weighing heavily on quoted retailers, as well as the travel and leisure and home construction sectors. These and other domestically focused companies are well represented in UK small and mid-cap indices. Valuations reached very depressed levels in the autumn when some ill-advised policies from the Liz Truss government spooked markets. A collapse in sterling and soaring market interest rates threatened to heap further pressure on consumers and businesses, although a new government was able to restore confidence and stability to asset prices relatively quickly. More broadly, hopes built towards the back end of 2022 that central banks might 'pivot' to cutting interest rates in late 2023 also contributed to a recovery in UK small and mid-caps. Domestically focused companies recovered particularly well during this phase as the UK economy performed much more resiliently than feared as European wholesale energy prices fell back very sharply.

While private equity valuations have held up better than those of public markets, the asset class has not been immune to global economic headwinds, inflation and increased interest rates. Our focus is on the small to mid-market area of the UK private equity landscape, but we believe the following provides useful insight into recent activity to contextualise the period under review. Following a stellar year in 2021, deal volumes in the UK mid-market private equity segment fell by 19% year-on-year in 2022 (from 843 deals to 680 deals), while the total deal value fell 6% (from £49.1bn to £46.0bn). Despite these year-on-year decreases, this was still a relatively strong year for private equity deals in the context of the last five years. Additionally, exit volumes fell by nearly 23% year-on-year in 2022 (from 189 exits to 146 exits), while the total exit value fell 55% (from £19.1bn to £8.6bn).[4] Conspicuously there were no IPO exits over the year, which is most likely explained by uncertainty in markets.

Portfolio performance

Since the Company's IPO in December 2020, the net asset value has been resilient despite a volatile market backdrop. The portfolio's combined exposure to both public and private equity markets has provided NAV stability since inception, with the portfolio's listed holdings driving returns in the Company's first reporting period to 30 June 2021, while strong performance of the unquoted portfolio allocation provided a substantial cushion to falls in asset prices over the 9 month reporting period to the end of March 2022, before also driving the Company's positive NAV development over the past 12 months to the end of March 2023. Indeed, eight out of the nine unquoted holdings are performing well with uplifts to their original valuations.

Share price and NAV per share performance since inception to 31 December 2022



Source: Schroders, Morningstar. NAV per share does not include latest quarterly revaluation of private equity holdings

[3]Source: FTSE Russell, 12 months to 31 March 2023, in GBP.
[4]Source for data: KPMG UK Mid-market PE review, February 2023.

Portfolio Managers' Review

Below, we focus on the past 12 months and discuss what has driven the increase in the Company's net asset value.

Attribution analysis (£m) for 12 months to 31 March 2023

	Quoted	Unquoted	Net cash	Other	NAV
Value as at 31 March 2022	**37.3**	**27.4**	**15.5**	**(2.1)**	**78.1**
+ Investments	4.7	15.1	(19.8)	–	–
– Realisations at value	(11.2)	(2.4)	13.6	–	–
+/- Fair value gains/(losses)	(4.6)	7.8	–	–	3.2
+/- Costs and other movements	–	–	(1.5)	(0.5)	(2.0)
Value as at 31 March 2023	**26.2**	**47.9**	**7.8**	**(2.6)**	**79.3**

Key positive and negative performers over the 12 months to 31 March 2023

Top 5 contributors	Contribution %
Mintec	2.9
Cera	2.6
EasyPark	2.1
CFC	1.9
Culligan (formerly Waterlogic)	1.7

Bottom 5 contributors	Contribution %
Graphcore	–1.8
National Express	–1.0
GB Group	–1.0
Ascential	–0.9
Genuit	–0.7

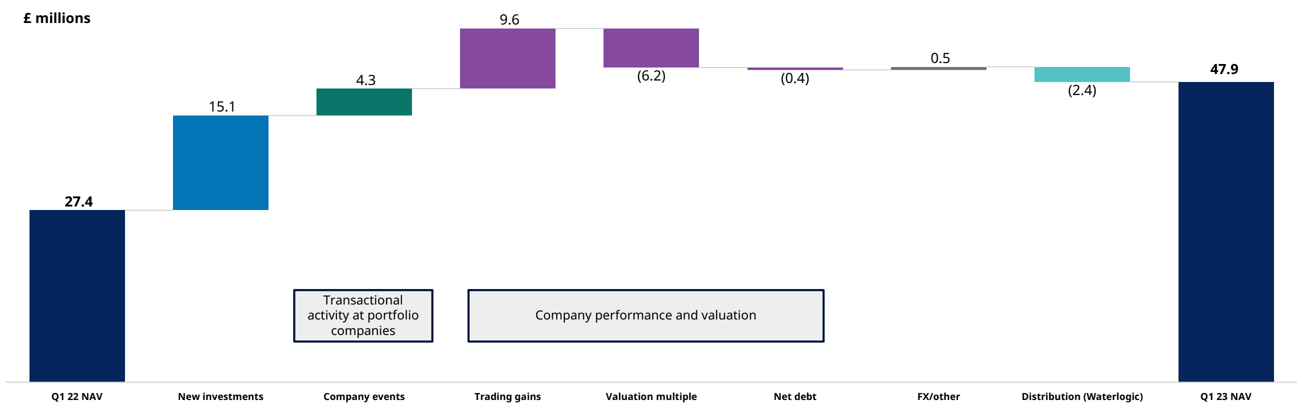
Source: HSBC, as at 31 March 2023. Numbers have been rounded

The net asset value increased 1.5% over the period,[5] which comprised:

- Quoted holdings: -5.9%
- Unquoted holdings: +10.0%
- Buybacks: -1.0%
- Costs and other movements: -1.6%

In a challenging environment, the portfolio's private equity (unquoted) holdings have continued to perform well in aggregate and the overall resilience of the private equity holdings has been particularly pleasing. We believe that the Company's private equity focus on the 'growth capital' and 'buyout' areas of the private equity landscape, in contrast to venture capital and pre-IPO areas, which have been more negatively impacted by rising inflation and interest rates, has contributed to the resilience of the NAV. Looking closer at the past 12 months, transactional activity (e.g. add-on transactions and financing rounds) and trading gains of the unquoted holdings in aggregate have driven strong performance, despite multiple contraction which demonstrates the prudent valuation approach applied.

Private equity allocation attribution – 12 months to 31 March 2023



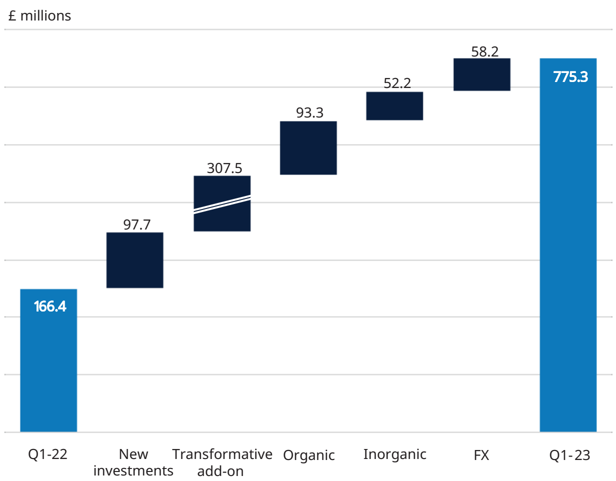
The Company's private equity allocation has seen significant EBITDA[6] development, driven by strong organic and inorganic growth, which is illustrated by the figure below.

Transformational add-on acquisitions executed by Waterlogic (combination with Culligan) and Mintec (with its acquisition of Agribriefing for example) have enhanced total EBITDA.

[5]The net asset value increase of 1.5% differs to the 3.1% increase in NAV per share over the period due to share buybacks conducted over the period.
[6]EBITDA = earnings before interest, taxes, depreciation and amortisation. It is used as a measure of a company's profitability, specifically representing cash profit generated by a company's operations.

Portfolio Managers' Review

EBITDA development of the Company's private equity allocation: 12 months to 31 March 2023



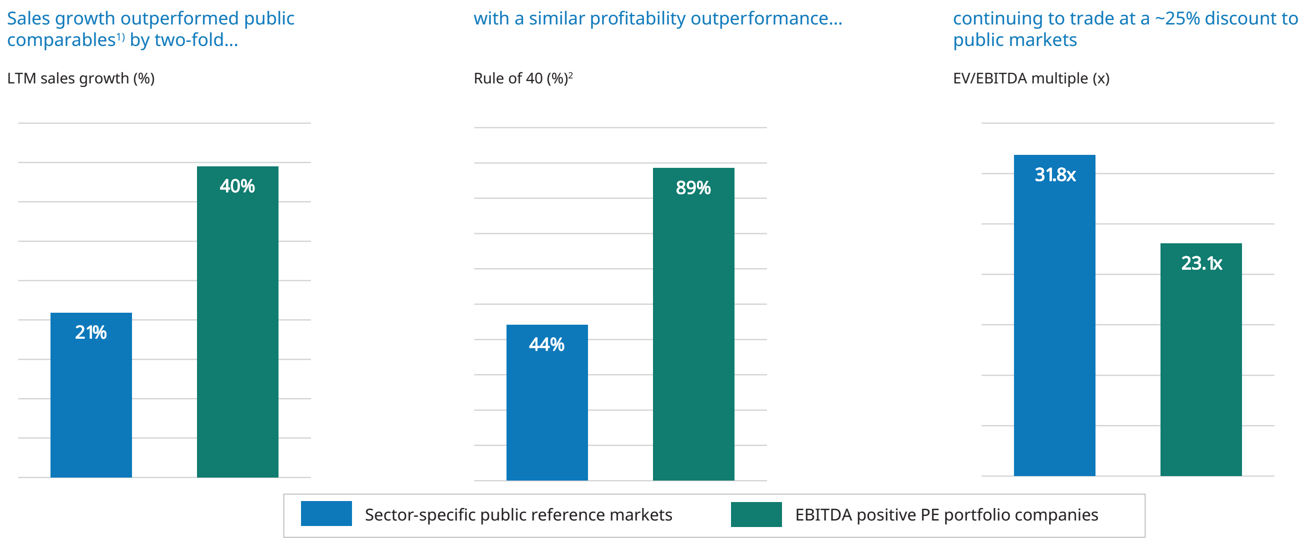
Source: Schroders

We like companies that employ market consolidation strategies (often referred to as "Buy and Build") as these often allow companies to consolidate fragmented markets and smaller competitors, and complementary business can be bought, typically at lower multiples, leading to immediate multiple accretion. Our companies have been very active in employing this strategy.

Furthermore, organic growth delivered through market expansion, new product development, cross and upselling and curating strategic partnerships were some of the levers employed to deliver strong EBITDA accretion.

The growth seen by our profitable[7] private equity portfolio companies, in both revenue and profit-based KPIs, is almost double that of publicly listed comparables. Nonetheless, we are marking these profitable companies at a c.25% discount[8] to public comparables. This reiterates our valuation prudence.

EBITDA-positive private equity portfolio companies valued at notable discount to public markets



Source Schroders. 1. Peer group specific sector comparables. 2. The Rule of 40 is a principle that states a software company's combined revenue growth rate and profit margin should equal or exceed 40% to demand premium valuations

Turning to individual private equity portfolio companies, a key contributor over the year was Mintec, the world's leading independent provider of global commodity price data & market intelligence, which was added to the portfolio in the first half of 2022 and has seen its fair value almost double since. Over the period, the company acquired French business CommoPrices, an independent provider of commodity price data and analysis, and more recently Agribriefing, which comprises multiple global brands specialising in agri-food supply chains through its products and proprietary data. These acquisitions complemented the company's investment in Kairos, a provider of commodity market intelligence and commodity risk management, bought in 2021. These acquisitions have established Mintec as the largest agri-food-focused price reporting agency and global information provider with a unique portfolio of feed-to-food commodity prices, forecasts, cost-modelling tools and fundamental market data, serving over 5,000 customers in 50 countries.

Cera Care, Europe's largest provider of digital-first home healthcare, was a strong contributor over the year following a further funding round to accelerate its growth in August 2022, in which the Company made an additional investment. We were pleased to have been able to participate in Cera's latest financing and help them empower those in the care sector. Ageing populations, post-pandemic recovery and major staff shortages have created a series of issues facing healthcare providers and governments. Cera's proposition is positioned to address these challenges. More recently, the company has taken further steps to strengthen its offering through the use of artificial intelligence, launching "Cera Brain", a platform that helps to automate and power Cera's

[7]EBITDA-positive.
[8]Discount between the average of the respective portfolio Company's EBITDA valuation multiple against the respective peer group sector comparable averages, which has been elected by the independent valuation team.

Portfolio Managers' Review

care delivery operations. This is discussed in further detail in the top 10 holdings section below.

The Company's holding in EasyPark, the parking tech company that helps drivers to find, manage and pay for both parking and electric vehicle charging, saw its valuation increase over the period. The company continues to grow and strengthen its position as the parking tech company with the widest coverage in the world. In 2022, EasyPark grew both in new and existing markets, adding new cities such as Paris and Boston, as well as new countries, such as Slovakia. From an operational perspective, the company continues to deliver very strong transaction and monthly active user volumes.

A further contributor was global designer, manufacturer, distributor and service provider of purified drinking water dispensers, Waterlogic, which completed its merger with Culligan International – the innovative brand in consumer-focused, sustainable water solutions and services. The merger led to the Company receiving £2.4m in sales proceeds, which is a key milestone considering the Company only launched in December 2020. As at 31 March 2022, the Company's holding in Waterlogic was valued at £6.0m. As at 31 March 2023, and following the £2.4m distribution, the holding was valued at £5.1m.

The Company's holding in CFC, one of the world's most successful technology-led insurance platforms and a global leader in the cyber market, was another strong contributor over the year. CFC operates a unique model in the insurance industry, and benefits from a 20-year track record of innovative insurance products. Cyber risk is a fast-growing market and CFC are well positioned from an insurance perspective in this space to increase market share.

On the more challenging side, Graphcore, which was added to the portfolio towards the end of 2020 as part of a $222m Series E funding round alongside Ontario Teachers' Pension Plan, Fidelity International and existing Graphcore investors, has been revalued downwards over the year. Graphcore, which has developed a next generation processor for machine learning and AI applications, is currently facing a challenging market environment given the long sales cycles that surround such revolutionary technologies. Additionally, the company has not been immune to the US Department of Commerce's sweeping set of export controls to restrict China from certain semi-conductor chips and chip-making equipment announced in early October 2022. The scale of the artificial intelligence and machine learning opportunity longer term remains immense and Graphcore's technology continues to set new benchmarks in performance. The situation is developing, and we continue to monitor it closely.

As mentioned in the market section above, UK small and mid-caps in the public equity market fared relatively poorly over the period and, given the focus of the portfolio's public allocation of investing in small and medium-sized businesses listed in the UK, performance was challenging for this part of the portfolio in absolute terms. In particular, the share price performance of holdings in National Express, GB Group, Ascential and Genuit weighed on returns. However, there were bright spots, with the Company benefitting from M&A activity in the market, as holdings in Euromoney, Ideagen and EMIS Group were all subject to takeover bids over the period, with all three positions subsequently exited. Meanwhile, shares in Volution Group, a leading supplier of ventilation products, performed well. In March 2023, the company reported a strong set of interim results, with half year revenues and adjusted operating profits up 8.5% and 7.1% respectively year-on-year, following on from strong annual results published in October 2022.

Revenue growth and analysis

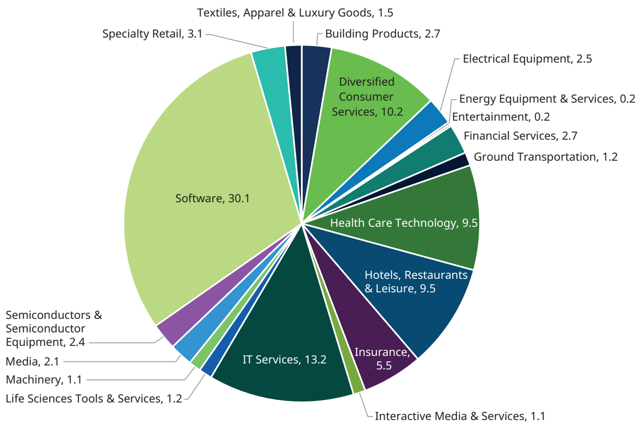
The public equity element of the portfolio has an aggregate weighted average revenue growth of 71.5% over the last financial year.[9]

We believe it is useful to contextualise the performance of the portfolio's public equity allocation in the wider context of other UK smaller-company investors. For illustrative purposes, when comparing the Company's public equity allocation performance to the IA UK Smaller Companies peer group, it ranks in the first quartile over the 12 months to 31 March 2023.[10]

Portfolio positioning & activity

The portfolio is diversified across a number of industry sectors, and in the chart below we show the split of the portfolio as at 31 March 2023. We believe that diversification is key to the protection of capital. Whilst some areas of the market may be in favour in certain periods, we believe that a diversified portfolio should better protect investors in the long run, with more stable investment returns.

Portfolio breakdown by industry as % of total investments



Source: Schroders, as at 31 March 2023.

The portfolio has been constructed from the bottom up, with a focus on high growth businesses. The result is a portfolio that is well-exposed to companies with a technology offering (notably in software & IT services areas of the market), which reflects the digitalisation age of today as well as our belief that this is likely to continue. However, the portfolio is well diversified to include other sectors, such as consumer

[9]Past performance is not a guide to future performance and may not be repeated. Revenue growth calculated using the last two financial year revenue figures for each public portfolio company. Weighted averages calculated using each position as a proportion of total public equity holdings in the portfolio.

[10]Source: Schroders, Morningstar, Aladdin. Rankings are based on the performance of the public equity portion of the Company (excluding cash). The IA UK Smaller Companies peer group median average ongoing charge (0.90%) was applied to the Company's public equity gross performance and compared against the IA UK Smaller Companies peer group (net of fees).

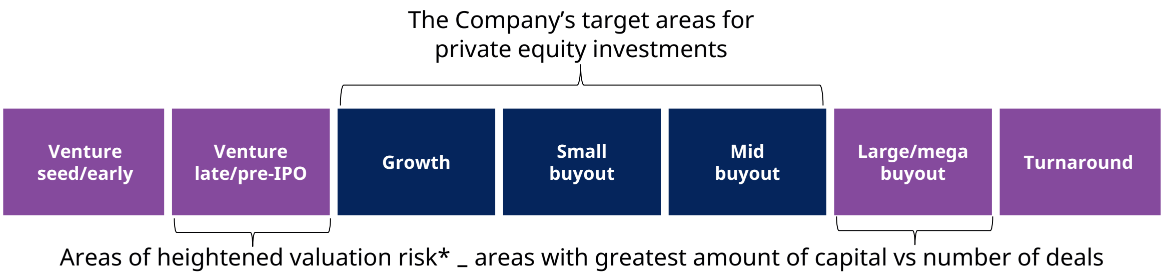
Portfolio Managers' Review

services, media, hotels, restaurants & leisure and financial services.

We invest in growing companies that have a number of attractive characteristics that we believe should allow them to withstand challenging economic environments and prosper. Whilst the macroeconomic backdrop is expected to ebb and flow, our core focus is to invest in quality, growth companies that have strong balance sheets and that can sustainably compound their earnings over the long run. These are typically companies that have considerable pricing power, market leadership (or an opportunity to gain scale via consolidation), attractive unit economics and strong management teams. While there is exposure to the wider consumer discretionary sector, which continues to face significant inflationary risk, we believe the characteristics of our investments mean they are well-positioned to navigate the current landscape and beyond. Furthermore, our investments are typically profitable, with profitable companies[11] making up 74% of total investments as at 31 March 2023.

Where we have invested in companies that have not yet reached profitability, they are well-funded at point of investment and possess a clear route towards profitability, and we expect them to deliver substantial value over the long term.

The portfolio's private equity allocation is not focused on the pre IPO or 'crossover' area and earlier-stage venture capital companies that had witnessed notable negative impacts to valuations during the downturn of late, putting some of them at funding risk. In contrast, it is focused on growth capital and small/mid-market buyout-stage companies, where valuations have contracted in some cases but declines have been moderate in comparison and notably have been offset by robust growth in financial performance. The businesses the Company is investing in have already cleared the higher risk hurdles, and are now generating revenues, building scale and either already profitable or close to it. That does not mean they are risk free but the portfolio has already been substantially de-risked and the individual businesses within it are now focused on fulfilling their significant growth potential.



Source: Schroders. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. *Where we denote Valuation risk as the risk around the perceived value of an underlying asset whereas investment risk encompasses a broader set of risks beyond valuation including but not limited to factors such as market dynamics, economic conditions and industry specific risks.

Following the resolutions of the Company's 2022 AGM in September 2022, the 50:50 public/private allocation guidance and the private equity limit of 60% of the Company's gross asset value were removed, providing us with greater flexibility to take advantage of further private equity opportunities. Since then we have explored a number of further investments for the portfolio but have rejected a number, largely as a result of maintaining price discipline. However, we have a healthy pipeline of potential private equity investments across a breadth of opportunities. As at 31 March 2023, private equity investments represented 65% of total investments, compared to 42% as at 31 March 2022.

Over the year, the Company continued to take advantage of its broad investment universe, scouring both private and public markets for the brightest growth prospects in the UK, focusing on small and mid-sized companies. We added a number of exciting companies to the portfolio while also increasing portfolio concentration, demonstrating our conviction in the portfolio's investments.

Private equity activity

We announced three new private equity investments over the 12-month period. In May 2022, we announced investments into Mintec (through Synova), a leading provider of food-related commodity pricing, and CFC (through Vitruvian Partners), a technology-driven global insurance business.

[11]On an EBITDA profitability view.

These were followed in June by the announced investment into Pirum (through Bowmark Capital), a leading provider of post-trade automation and collateral management technology for the global securities industry. We had been tracking these businesses for an extended period prior to investment through our long-term relationships with private equity firms Synova, Vitruvian Partners and Bowmark Capital, and were delighted to complete investments in these strong, UK-based, market leaders.

Additionally, the Company made a follow-on investment in August 2022 into Cera Care, Europe's largest provider of digital-first home healthcare, as part of a new funding round to accelerate the company's growth and expand from servicing 15,000 to 100,000 at-home patients each day.

Furthermore, we were pleased to report the first cash generation from our private equity holdings. Following the completion of the merger in November 2022 between Waterlogic (a global designer, manufacturer, distributor and service provider of purified drinking water dispensers) and Culligan International (the innovative brand in consumer-focused, sustainable water solutions and services), the Company received £2.4m in sales proceeds. The Company remains invested as we believe the combined business has considerable potential for future growth.

Portfolio Managers' Review

Public equity activity

Three of our public equity holdings received takeover approaches during the 12-month period to 31 March 2023. Shareholders approved a bid by Becketts Bidco, a consortium of PE firms that comprised Astorg and Epiris, for Euromoney Institutional Investor. In addition, shareholders approved a £1.24bn all-cash takeover by Optum Health Solutions UK Ltd, a subsidiary of UnitedHealth Group Inc, for Emis Group. Furthermore, Ideagen was acquired by Rainforest Bidco Limited, a wholly owned subsidiary of funds managed by Hg. We are pleased that these bids and the resultant exits of these positions benefited portfolio performance.

We added Bytes Technology Group, one of the UK's leading resellers of software, security and cloud-based products, to the portfolio in 2023. This is a high quality, cash-generative company, and we expect it to be resilient across economic cycles due to its sticky customer base and high renewal rates.

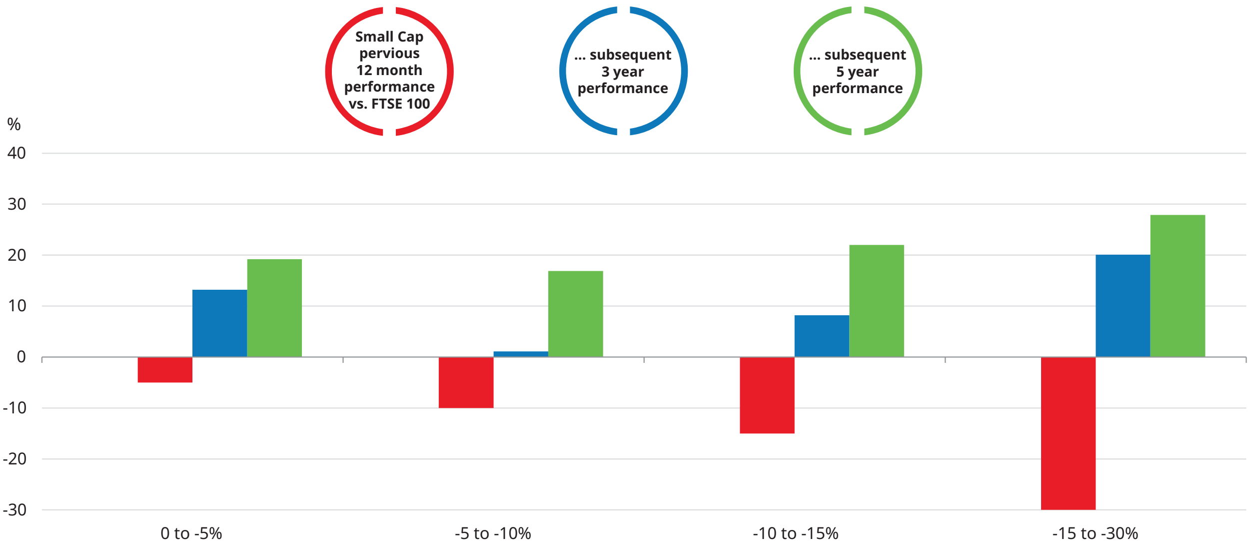
Elsewhere, we used periods of market weakness to increase existing positions in stocks where we continue to have a high conviction. These included online women's clothing retailer, Sosandar, and business review platform, Trustpilot.

Outlook

The sell-off in UK small and mid-caps in 2022 was indiscriminate, and not discerning between the "good" and "less good" companies. We believe that when clearer signs of a sustained economic recovery materialise and market sentiment substantially improves, small and mid-caps should be the first to re-rate in response. Our analysis shows that such market underperformance in the past by UK small and mid-caps has usually been followed by outperformance over three- to five-year periods relative to large cap companies in the FTSE 100. The below figure illustrates this for UK small caps.

UK small cap performance vs. FTSE 100

Buying on weakness had given the best long-term returns



Source: Schroders, returns are shown for the Numis Small Cap plus AIM ex IT index vs FTSE 100 index.
Based on rolling 12 month performance from 30 September 1990 to 31 December 2022.

Aside from the relative valuation opportunity with UK equities remaining unloved relative to world markets in an historical context (as noted in the investment case section), in aggregate, they are also attractive as a result of their strong balance sheets, as illustrated in the below figure which shows UK corporates' cash as a percentage of total assets, which has increased considerably since 2000.

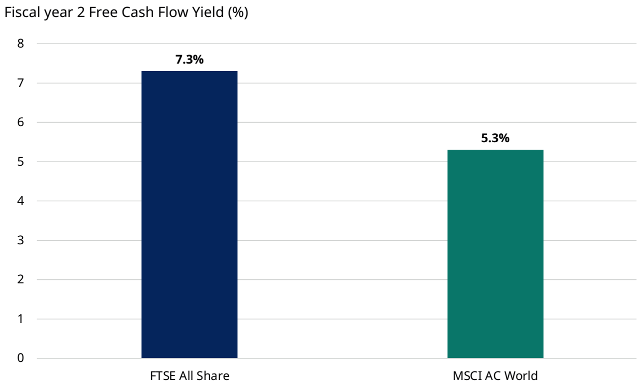
Portfolio Managers' Review

UK corporates – cash as % of total assets

Source: Office of National Statistics, 31 March 2000 to 31 December 2022.

The valuation opportunity can also be looked at through the lens of free cash flow yields, with the UK having one of the highest yields in the world, making the market a compelling investment opportunity in our view. Free cash flow is the money a firm has left over after paying its operating and capital expenses. The yield is calculated as free cash flow divided by market value. The below figure illustrates how the forecast (fiscal year 2) free cash flow yield for UK equities (represented by the FTSE All Share) outstrips that of global equities (represented by the MSCI AC World) at present:

Forecast free cash flow yield: UK equities ahead of global equities



Source: Factset Research, 26 June 2023.

In private equity markets, with financial engineering unlikely to propel returns in the near term due to increased rates, inflation and macroeconomic uncertainty, we believe strategies focused on identifying companies that exhibit strong underlying financial performance are poised to do well. This may be achieved by the expansion of product lines, geographic footprint, and professionalising management to improve profit margins, for example. This is all easier to do among small and medium-sized companies, and typically harder to achieve at larger companies, which have often been through several rounds of private equity or institutional ownership. Portfolio company EasyPark, for example, has evolved as a company in terms of product offering, maturity in the marketplace and thorough geographical expansion. We believe buy and build strategies are also positioned to do well, with opportunities to buy smaller companies with the intention to improve profitability and sell at higher multiples in the future. Furthermore, despite the economic backdrop, we are seeing strong significant deal flow across a breadth of opportunities. Given our private equity team's established and formidable network in the UK (as well as globally) with hard-to-access investment partners, we are well positioned to seek out the best opportunities for the Company going forward.

Our differentiated public-private equity strategy enables us to continue to invest without boundaries, whilst providing access to a broader investable universe to the benefit of shareholders. We believe this differentiates the Company from other investment trusts and provides us with an advantage when selecting attractive investment opportunities. While we are pleased with the investments in the portfolio at present, we continue to seek out high quality, growth opportunities with the aim of delivering long-term total returns. The investment team harnesses Schroders Capital's strong network of co-investment partners developed over 25 years, giving them access to unique investment opportunities. Meanwhile, our extensive resources in both public and private equities work together to the benefit of the Company, providing a more comprehensive view of the landscape in which companies operate, making us more informed investors that we believe contributes to better investment decision-making.

We believe that the current cash position (£7.8m as at 31 March 2023) and prudent liquidity profile of the public equity allocation of the portfolio provide us with an excellent opportunity to make further investments in high growth companies and/or initiate positions in mispriced growth

Portfolio Managers' Review

companies. Furthermore, following the approval from shareholders to remove the 50:50 public/private allocation guidance and the 60% private equity limit provides us with greater flexibility to take advantage of further private equity opportunities, and utilise our healthy pipeline of potential private equity investments.

Schroder Investment Management Limited

5 July 2023

The Company's top ten holdings as of 31 March 2023 are set out below, with overviews of each company and recent updates regarding their businesses.

Top 10 holdings	Quoted/ unquoted	Fair value as of 31 March 2022 (£'000)	% of total investments	Fair value as of 31 March 2023 (£'000)	% of total investments
Mintec[1]	Unquoted	–	–	8,614	11.6
Rapyd Financial Network[1]	Unquoted	8,565	13.2	8,399	11.3
Cera	Unquoted	4,509	7.0	6,986	9.5
Pirum[1]	Unquoted	–	–	6,087	8.2
Culligan[1]	Unquoted	6,045	9.3	5,053	6.9
EasyPark[1]	Unquoted	2,775	4.3	4,492	6.1
CFC[1]	Unquoted	–	–	4,098	5.5
Learning Curve	Unquoted	2,336	3.6	2,455	3.3
Volution	Quoted	1,192	1.8	2,012	2.7
Watches of Switzerland	Quoted	1,721	2.7	1,908	2.6

Source: Schroders.

1. The fair value disclosed for the following investments represents the Company's investment in an intermediary vehicle:
   - Mintec (held via Synova Merlin LP).
   - Rapyd Financial Network (held via Target Global Fund).
   - Pirum (held via Bowmark Investment Partnership LP).
   - Culligan (held via EPIC-1b Fund).
   - EasyPark (held via Purple Garden Invest (D) AB).
   - CFC (held via Vitruvian Investment Partnership).
   - Learning Curve (held via Agilitas Boyd 2020 Co-Invest Fund).

Mintec

(unquoted holding)

The world's leading independent provider of global commodity price data, price forecasts & market intelligence for the food, CPG and capital goods supply chains

Mintec enables the world's largest food and manufacturing brands to implement more efficient and sustainable procurement strategies. They do this through their cutting-edge Software as a Service platform, Mintec Analytics, which delivers market prices and analysis for thousands of commodities, food ingredients and associated materials. Their data and tools empower their customers to understand prices better, analyse their spend and negotiate with confidence.

Latest updates:

- In May 2022, Mintec launched the latest version of its multi-award-winning procurement and commodity price intelligence platform (Mintec Analytics 4.1), including new features that increase price visibility and improve efficiency for commodity buying teams.
- In December 2022, the company acquired French business, CommoPrices, an independent provider of commodity price data and analysis operating across similar sectors, to extend its coverage of commodity price data and intelligence.
- In January 2023, Mintec announced the acquisition of AgriBriefing, which includes the brands Urner Barry, Strategie Grains, FeedInfo and Tropical Research Services. Building on previous acquisitions by Mintec (including Kairos Commodities in 2021 and the aforementioned CommoPrices), this established the combined company as the largest agri-food-focused PRA and global information provider with a unique portfolio of feed-to-food commodity prices, forecasts, cost-modelling tools and fundamental market data, serving over 5,000 customers in 50 countries.

Rapyd

(unquoted holding)

Integrates the world's many payment networks and technologies into a single platform

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

Latest updates:

- In May 2022, the company announced the launch of "Virtual Accounts", a product that empowers businesses to expand globally while supporting local payments. This new offering allows organizations anywhere in the world to securely and reliably accept local bank transfers in 40 countries in more than 25 currencies, including the US, UK, EU, and APAC regions.
- Also in May 2022, Rapyd opened its first office in the Dubai International Financial Centre. The UAE emerged as an attractive fintech hub during the pandemic with increased digital adoption, a booming eCommerce economy, and transformative digital marketing initiatives.
- In July 2022, it was announced that Rakuten Viber had partnered with Rapyd to unlock instant cross-border peer-to-peer payments.
- In 2022, Rapyd was named an EMEA 60 Leader by PYMNTS, the global leader in payments industry news and data analytics, as well as being named on Forbes' Cloud 100 list – the list of the world's top private cloud companies.

Cera

(unquoted holding)

Europe's largest provider of digital-first home healthcare

Cera is Europe's largest provider of digital-first home healthcare. They are transforming healthcare by moving services such as care, nursing, telehealth and repeat medications out of hospitals and into people's own homes through technology. In combining pioneering technology with their community of professional carers and nurses, Cera are empowering people to live longer, better, healthier lives in their own homes.

Latest updates:

- In August 2022, the company raised c.£260m in an equity and debt funding round, with the goal of increasing the number of patients its serves from 15,000 to 100,000. We were pleased to have been able to participate in this financing to accelerate the company's growth and help Cera empower those in the care sector.
- Subsequently, Cera announced its expansion into nursing services across its UK network, marking the company's first move into additional healthcare services, as part of its overall ambition to move more aspects of healthcare out of hospitals and into people's own homes.
- More recently, Cera launched its latest AI-powered technology, Cera Brain, a platform that helps to automate and power the company's care delivery operations. Using AI across key features, Cera Brain should enhance the company's impact in the sector, utilising technology to automate administrative tasks, more efficiently match carers to patients, enable better regulatory compliance checks, onboard patients faster and drive healthcare workflow automation. This new technology should enable Cera to care for more people, allowing carers to see an estimated 20% more patients per day. It should also power a more efficient model of care delivery, making the sector more sustainable by reducing overhead costs, allowing carers and frontline staff to be paid better.
- Lastly, Cera has recently been ranked the Number 1 UK HealthTech company in the HealthTech50 list for 2023, which is testament to the company's continued technology-enabled growth.

Pirum

(unquoted holding)

A leading provider of post-trade automation and collateral management technology for the global securities industry

Pirum has created a set of award-winning, highly innovative and flexible services which are tailored to fully support the complexities of financial institutions around the world. Pirum provides a secure processing hub which seamlessly links market participants, allowing them to electronically process and verify key transaction details. Through easy integration with their services, Pirum's clients have increased processing efficiency, reduced operational risk and improved profitability by reducing manual processing.

Latest updates:

- In October 2022, Pirum expanded its Trade Risk Manager service to provide visibility of the collateral status at a transaction level.
- Knowing the status of collateral prior to releasing an instruction to market is a key step in reducing counterparty risk and preventing fails and CSDR fines.
- This expansion leverages Pirum's Loan Release service which provides valuable automation for lenders to release their market instructions on the back of the borrower collateralising the lender and provides extensive prioritisation tools and controls to ensure loans are released within market cut offs to increase settlement rates and market efficiency.

Culligan
(formerly Waterlogic) (unquoted holding)

The leading provider of drinking water dispensers for businesses across the globe

Culligan is an innovative brand in consumer-focused, sustainable water solutions and services. It was established in 1936 as a provider of water softening solutions for residences in Northbrook, Illinois, and has since grown to become a worldwide leader in water treatment needs, from the simplest filtration system to complex industrial water solutions.

Latest updates:

- In November 2022, Culligan International – the innovative brand in consumer-focused, sustainable water solutions and services – and Waterlogic Group Holdings – a global designer, manufacturer, distributor and service provider of purified drinking water dispensers – announced the completion of their merger, creating a global leader in clean and sustainable drinking water solutions and services.
- As result of the merger agreement, the Company received £2.4 million, representing the first cash generation from the Company's private equity portfolio.
- The Company remains a shareholder as the combined business has considerable potential for future growth.

EasyPark
(unquoted holding)

Parking tech company that helps drivers to find, manage and pay for both parking and electric vehicle charging

EasyPark's technology supports its users, cities and parking operators with parking administration, planning and management. The company has a unique market coverage with presence in over 20 countries and more than 3,200 cities.

Latest updates:

- In 2022, EasyPark grew both in new and existing markets, launching in new cities such as Paris in France and Boston in the US, as well as in new countries, such as Slovakia.
- The company launched support for the EasyPark app for Android Auto.
- In a collaboration with French automobile manufacturer, Renault, EasyPark launched direct in-car integration of the EasyPark app in the New Renault Megane E-Tech infotainment system.
- Additionally, the company continued to expand collaborations with both local and nationwide operators for electric car charging in Sweden, Denmark, Finland, Norway and Slovenia.

CFC

(unquoted holding)

Technology-driven global insurance business

For over 20 years, CFC has built market-leading solutions to some of the insurance industry's biggest challenges. The company uses technology and data science to stay one step ahead. From developing cutting-edge insurance products, pioneering autonomous underwriting, deploying advanced threat intelligence, to offering unparalleled service to its partners and customers, CFC is re-imagining the world of specialist insurance.

Latest updates:

- In July 2022, CFC enhanced its UK proposition, partnering with legal services company, Farillio, to launch a digital platform for its professional liability and management liability policyholders. Designed for small business owners, the platform delivers practical tools and expert resources to help customers grow and scale their businesses.
- Also in July 2022, the company announced the expansion of its market-leading cyber threat analysis capability into North America and Australia. CFC's cyber threat analysis, a critical component of its proactive cyber insurance offering, focuses solely on identifying new cyber threats and working with cyber customers to prevent attacks before they happen.
- In January 2023, CFC established a dedicated team to meet increasing demand from fintechs, as part of its financial institutions practice. Since launching its solution, built specifically to cover the risks faced by organisations operating in the fintech space in 2020, CFC has seen the volume of submissions increase by more than 100% year-on-year over the past two years and has grown its fintech book by 100% over the past year.
- In March 2023, the company announced the expansion of its "admitted product" suite with the addition of professional liability and technology Errors & Omissions (E&O), having traded its admitted solution for cyber since 2020.

Learning Curve

(unquoted holding)

UK training and education specialist

Learning Curve works with further education providers, employers and learners to help them achieve success. Since 2004, the company has grown both organically and through acquisition to become one of the largest and most diverse providers in the country.

Latest updates:

- In September 2022, Learning Curve announced the acquisition of Yorkshire-based White Rose Beauty Colleges, one of the largest beauty therapy training providers in the UK, in a move which will complement its existing academy provision. The acquisition is expected to see the addition of a further 3,500 learners each year in nine new locations and 170 employees, confirming Learning Curve's position as one of the largest providers of high-quality beauty training in the country.
- In February 2023, the company announced it is expanding its successful Hair and Beauty training academies in the London region with two brand-new, state-of-the-art salons.

Volution

(quoted holding)

A leading supplier of ventilation products

Volution is a market leader in residential and commercial ventilation solutions, covering the UK, Continental Europe and Australasia. They aim for their products to enhance customers' experience of ventilation by reducing energy consumption, improving indoor air quality and design and making them easier to use. The company has primary markets in the UK, Continental Europe and Australasia.

Latest updates:

- Volution published a strong set of interim results (6 months to 31 January 2023) in March 2023, driven in particular by strong UK residential RMI (repair, maintenance and improvement) demand, with the company successfully managing inflationary headwinds and supply chain challenges through pricing discipline and inventory optimisation.
- The interim results showed that revenue was up 8.5% (7.3% organic growth and 1.2% inorganic growth), while adjusted operating margin stood at 21.1% above the company's long-term operating margin target.
- Volution has continued to execute on its acquisition strategy (acquiring Bera in Germany in July 2022 and the remaining shares of ERI Corporation UK Limited more recently). The company is optimistic of being able to add further earnings-accretive acquisitions in the future, given its strong pipeline of potential candidates and strong balance sheet.

Watches of Switzerland

(quoted holding)

The UK's largest luxury watch retailer

Watches of Switzerland is the leading luxury watch specialist in the UK, with a significant presence in the US with a complementary jewellery offering. There are 15 Watches of Switzerland showrooms across the UK, including dedicated Rolex and Jaeger-LeCoultre boutiques. The company's success is based on strong, long-standing partnerships with the most prestigious luxury watch brands, supported by impactful marketing and powered by leading edge technology to provide clients with a modern, distinctive luxury experience.

Latest updates:

- In December 2022, Watches of Switzerland released its H1 (26 weeks to 30 October 2022) results, revealing that group revenue had increased 23% on a constant currency basis and 31% at reported rates.
- The luxury watches division's revenue grew 31% year-on-year on a reported rates basis to £667m, representing 87% of total group sales (unchanged from H1 FY 2022), with growth driven by increases in average selling price and volume.
- In terms of geography, its US revenues grew year-on-year 60% and 80% on constant currency and reported rates bases respectively, with revenue growth excluding acquisitions at +44% constant currency.
- Meanwhile, UK performance was driven by domestic clientele, with revenue of £454m up 8% year-on-year.
- The company has continued to expand its retail network, opening 20 showrooms across the UK, US and Europe in the first half of FY23.

Investment Portfolio at 31 March 2023

Holding	Quoted/ unquoted	Country of incorporation (of underlying holding where applicable)	Industry Sector	Fair value £'000	Total investments %
Mintec[1]	Unquoted	United Kingdom	Software	8,614	11.6
Rapyd Financial Network[1]	Unquoted	United Kingdom	IT Services	8,399	11.3
Cera EHP S à r l	Unquoted	United Kingdom	Health Care Technology	6,986	9.5
Pirum Systems[1]	Unquoted	United Kingdom	Software	6,087	8.2
Culligan[1] (formerly Waterlogic)	Unquoted	United Kingdom	Diversified Consumer Services	5,053	6.9
EasyPark[1]	Unquoted	Sweden	Software	4,492	6.1
CFC Underwriting[1]	Unquoted	United Kingdom	Insurance	4,098	5.5
Learning Curve[1]	Unquoted	United Kingdom	Diversified Consumer Services	2,455	3.3
Volution	Quoted	United Kingdom	Building Products	2,012	2.7
Watches of Switzerland	Quoted	United Kingdom	Specialty Retail	1,908	2.6
Graphcore	Unquoted	United Kingdom	Semiconductors & Semiconductor Equipment	1,778	2.4
City Pub	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,644	2.2
SSP	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,620	2.2
Dalata Hotel	Quoted	Ireland	Hotels, Restaurants & Leisure	1,588	2.1
Ascential	Quoted	United Kingdom	Media	1,544	2.1
OSB	Quoted	United Kingdom	Financial Services	1,524	2.1
Keywords Studios	Quoted	United Kingdom	IT Services	1,439	1.9
Trainline	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,408	1.9
Learning Technologies	Quoted	United Kingdom	Software	1,286	1.7
Discoverie	Quoted	United Kingdom	Electrical Equipment	1,206	1.6
Sosandar	Quoted	United Kingdom	Textiles, Apparel & Luxury Goods	1,093	1.5
GB	Quoted	United Kingdom	Software	1,073	1.4
MaxCyte	Quoted	United States	Life Sciences Tools & Services	907	1.2
National Express	Quoted	United Kingdom	Ground Transportation	903	1.2
Judges Scientific	Quoted	United Kingdom	Machinery	831	1.1
Trustpilot	Quoted	United Kingdom	Interactive Media & Services	830	1.1
Bytes Technology	Quoted	United Kingdom	Software	802	1.1
On the Beach	Quoted	United Kingdom	Hotels, Restaurants & Leisure	798	1.1
Luceco	Quoted	United Kingdom	Electrical Equipment	451	0.6
Lendinvest	Quoted	United Kingdom	Financial Services	437	0.6
Victorian Plumbing	Quoted	United Kingdom	Specialty Retail	363	0.5
Invinity Energy Systems	Quoted	Jersey	Electrical Equipment	200	0.3
TinyBuild	Quoted	United States	Entertainment	179	0.2
Velocys	Quoted	United Kingdom	Energy Equipment & Services	120	0.2
Total investments[2]				**74,128**	**100.0**

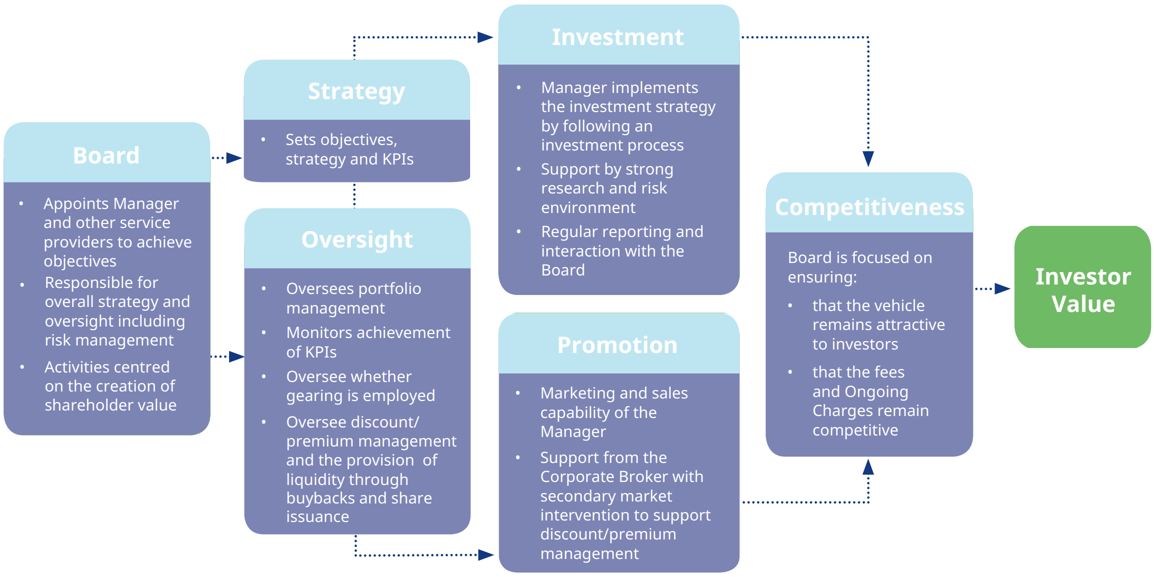
[1] **The fair value disclosed for the following investments represents the Company's investment in an intermediary vehicle:**
Mintec (held via Synova Merlin LP)
Rapid Financial Network (held via Target Global Fund)
Pirum Systems (held via Bowmark Investment Partnership LP)
Culligan (held via Epic-1b Fund)
Easypark (held via Purple Garden Invest (D) AB)
CFC Underwriting (held via Vitruvian Investment Partnership LLP)
Learning Curve (held via Agilitas Boyd 2020 Co-invest Fund)

[2] **Total investments comprise:**

	£'000	%
Unquoted	47,962	64.8
Quoted on FTSE 250	12,551	17.0
Quoted on AIM	9,572	12.8
Quoted on FTSE Allshare	2,455	3.3
Listed on a recognised stock exchange overseas	1,588	2.1
Total	**74,128**	**100.0**

Business Review

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



Why invest in SBO?

- A differentiated public and private investment strategy investing in high growth small & mid-sized UK companies.
- Provides access to a far larger universe of high quality, high growth UK companies than available from purely public markets.
- Executed by an established team of experienced investment professionals with strong track records, proven processes and extensive networks.
- A portfolio that aims to target companies that support the United Nations Sustainable Development Goals.

Business model

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

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

Investment objective

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

Investment policy

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

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

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

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

The full investment policy can be found on the website at: www.schroders.com/sbo.

Business Review

Investment approach

The Company combines Schroders' extensive public and private equity investment experience to access UK company growth across the life cycle, focusing on small and medium-sized businesses. The Company is philosophically ownership-agnostic in the sense that its strategy is to invest in both public and private companies. Furthermore, the Company believes that investors are best served by an offering that considers a comprehensive UK growth equity universe, as publicly-listed small and mid-caps only represent a fraction of company growth in the UK economy.

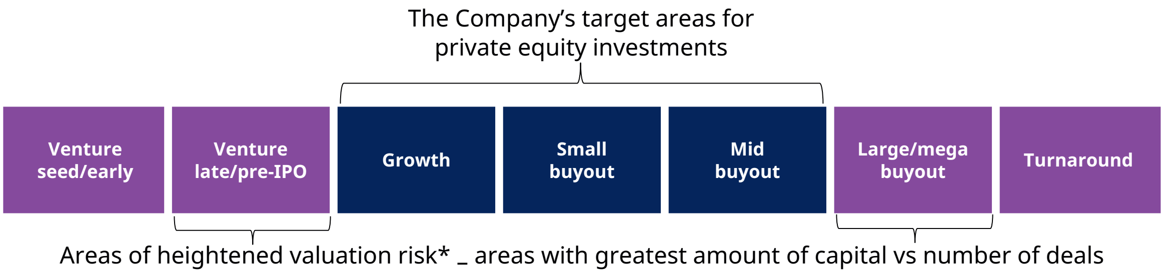
The Company's portfolio has been constructed from the bottom up, with investments focused on quality, growing and predominantly profitable companies, that have strong balance sheets and that can sustainably compound their earnings over the long run. Typically, these businesses will exhibit considerable pricing power (which is particularly beneficial in these times of high inflation), strong management teams, and will already be delivering strong revenue growth. Where portfolio companies have not yet reached profitability, the investment team seeks out companies that are well-funded and possess a clear route towards profitability.

Given the high-growth nature of the opportunities targeted, the portfolio will have notable exposure to software and IT services areas of the market. However, the portfolio is well-diversified to include other sectors, such as consumer services, healthcare, leisure and financial services.

The Portfolio Managers believe that the price paid is one of the most important determinants of long-term investment returns and therefore maintain valuation discipline to ensure they do not overpay for growth opportunities. On one side of the portfolio, there is a focus on high-growth names that are set to benefit from secular tailwinds. These companies will be at or near profitability and delivering strong growth characteristics, such as rising customer numbers or increased market share. On the other side, the team will look for what they call "mispriced growth" companies, which are growing companies that have fallen out of favour and are trading on depressed valuations, but which the team believes have the ability to recover and thrive in the future.

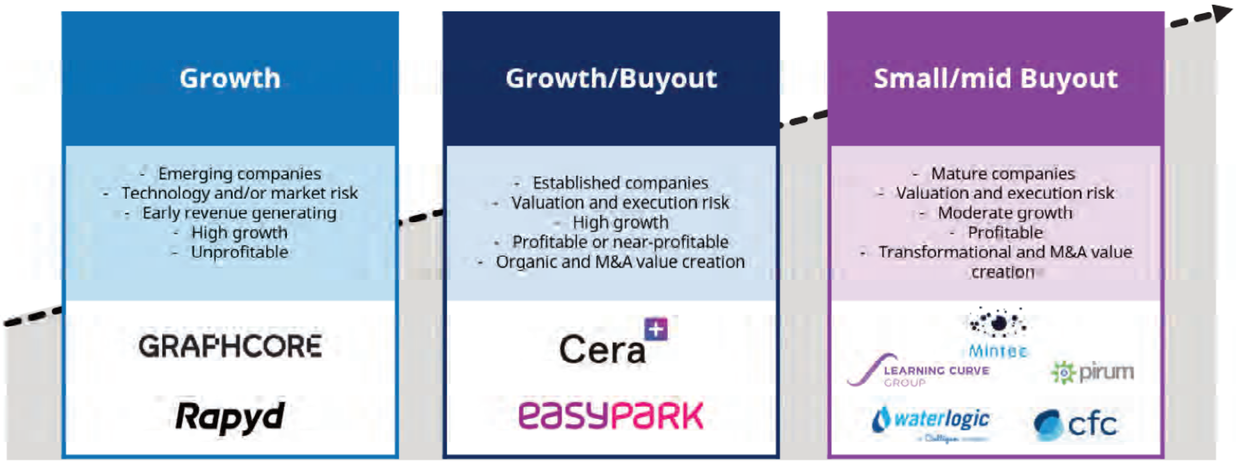
More generally, the portfolio's public allocation seeks to invest in UK small and medium-sized businesses, with the potential to provide primary capital to support growth. The Company utilises the significant research capabilities and long track record of Schroders' broad listed equities business, which is particularly well-known for its small and mid-cap expertise.

In terms of the portfolio's private equity allocation, the investment team focuses on direct and co-investment opportunities that span the growth capital and small/mid-market buyout areas of the market, where they believe numerous companies exist with considerable transformation potential, while avoiding areas that the team believe pose heightened valuation risk (see figure below). The Company's private equity allocation leverages Schroders Capital's more than 25 years' experience in private equity investing and 100+ European specialist GP relationships to create strong deal flow for high selectivity of direct and co-investments. Schroders Capital has c.£14bn of private equity assets under management (as at 31 December 2022) and was recently awarded "Co-investor of the Year" at the RealDeals Private Equity Awards 2023.



Source: Schroders. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. *Where we denote Valuation risk as the risk around the perceived value of an underlying asset whereas investment risk encompasses a broader set of risks beyond valuation including but not limited to factors such as market dynamics, economic conditions and industry specific risks.

The Company's private equity allocation by stage:



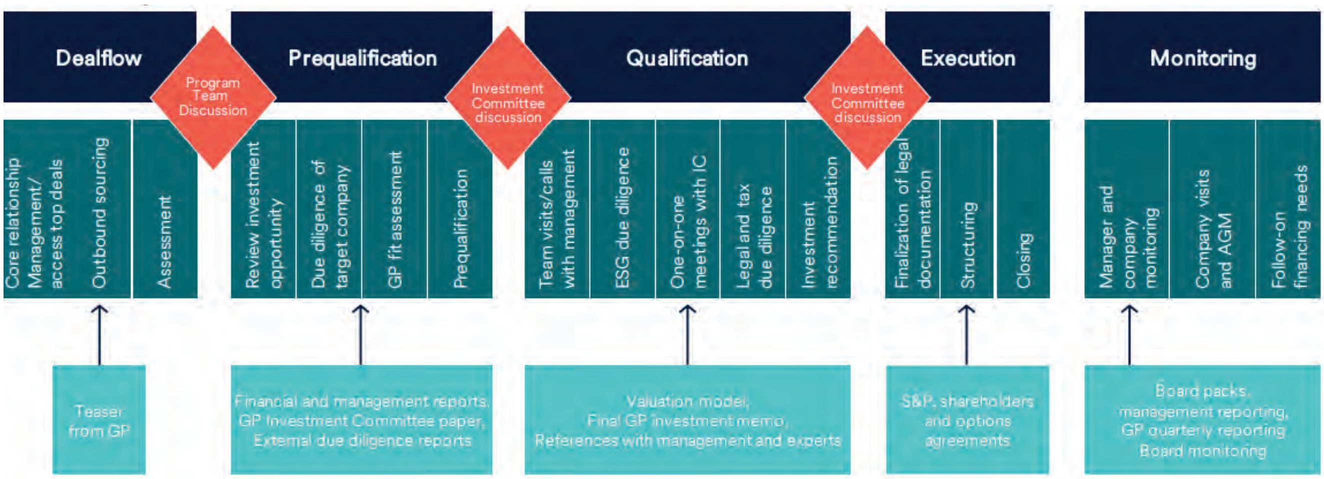
Business Review

Investment process

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

Private equity investment process

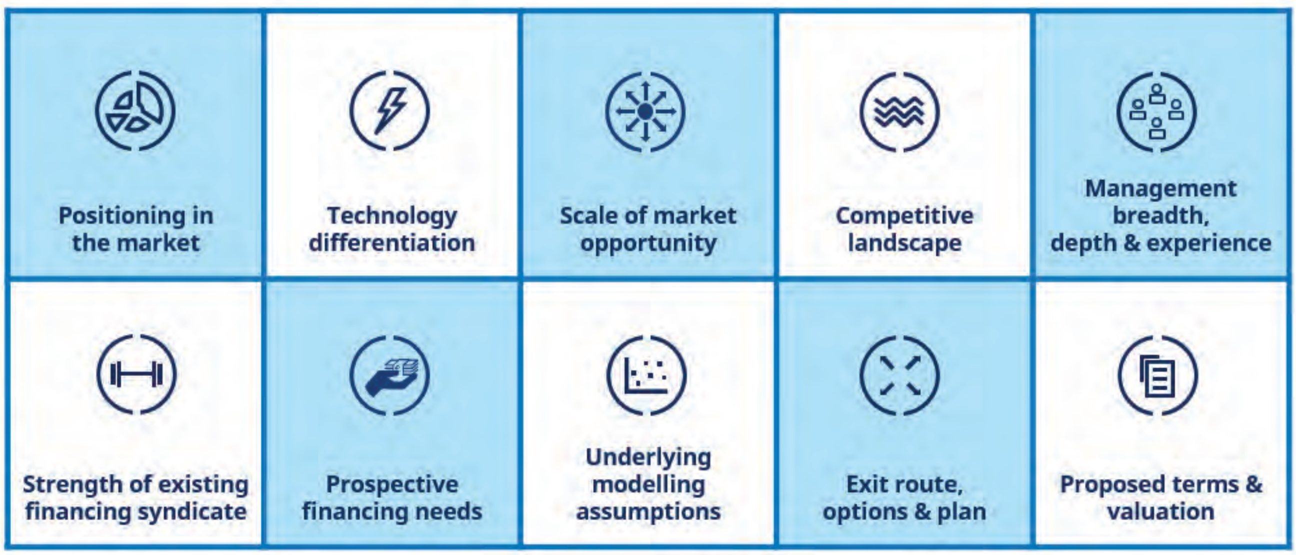
The private equity investment process is illustrated below.



The investment team believes that high-quality deal sourcing is fundamental to long-term success and spend considerable time on this activity by working closely with their extensive network of European specialist GP relationships. Sourcing efforts are further enhanced by technology, including advanced proprietary tools, internal databases and third-party information services.

An assessment of whether the investment opportunity meets the key criteria for inclusion in the Company is undertaken early to ensure a proposal is suitable and conforms to the investment policy and objectives.

The comprehensive due-diligence process undertaken will include an assessment of the following for a particular company:



Strategic Report

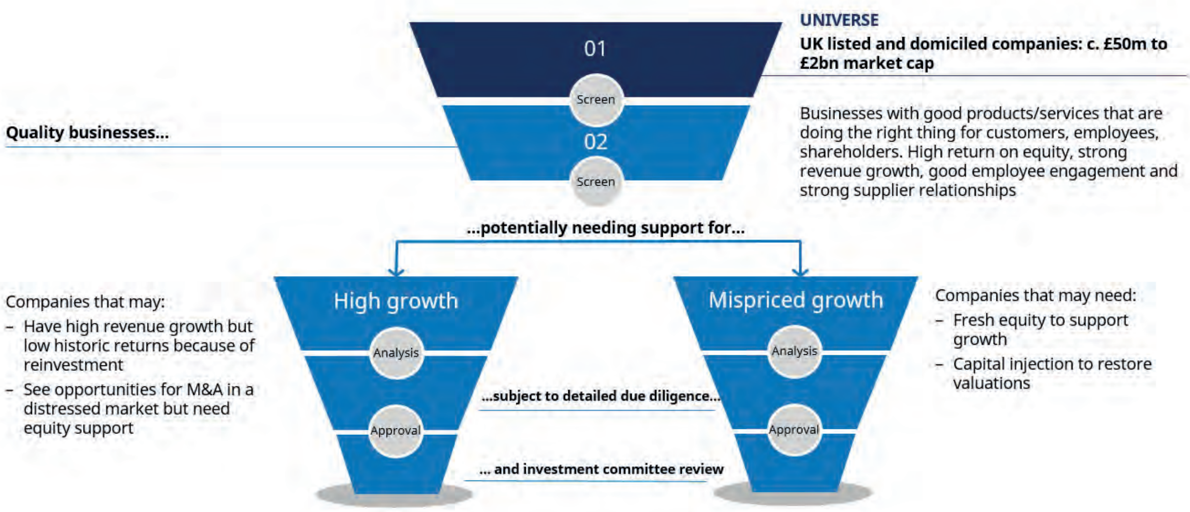
Business Review

Public equity investment process

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

The public equity allocation utilises an initial screen to narrow down the universe into high growth and mispriced growth opportunities. These companies will then be subject to detailed due diligence.

The public equity stock selection process is outlined below.



Source: Schroders. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Public equity investments may include the following:

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

Source: Schroders. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Business Review

Promotion

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

These activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition, the Company's shares are supported by the 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 Chairman are offered to investors when appropriate.

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

Details of the Board's approach to discount/premium management and share issuance may be found in the Chairman's Statement on page 3 and in the Annual General Meeting – Recommendations on page 82.

Relations with shareholders

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

The engagement and meetings held during the year are described on page 42. The Directors attend the AGM and are available to respond to queries from shareholders.

Key Performance Indicators ("KPI"s)

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

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

Some KPIs are Alternative Performance Indicators ("APIs"), and further details can be found on page 2 and definitions of these terms on page 86.

NAV performance

The Directors regard the Company's NAV performance as being the overall measure of value, delivered to shareholders over the long-term. The Company's NAV per share at 31 March 2023 was 107.32p (31 March 2022: 104.14p).

During the year the Company's NAV per share rose by 3.1%. Most of this increase was generated by the private equity investments with a small contribution from the buy back programme, which offset the performance from the public equity sleeve. Since IPO the NAV per share has increased by 9.5%.

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

Share price discount and premium

The Board recognises that it is in the interests of shareholders to maintain a share price as close as possible to the net asset value ("NAV") per share, whilst acknowledging the challenge this brings to a Company with a substantial portfolio of unquoted investments. Despite the share buy backs during the year, in common with many investment trusts which include private equity investments the share price discount to NAV per share widened at 31 March 2023 to 36.2% (31 March 2022: 19.3%).

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

Ongoing charges

The Company monitors operating expenses on a regular basis. The ongoing charges at 31 March 2023 were 1.47% (31 March 2022: 1.93%). The calculation is shown in the definition of terms and performance measures on page 86.

Purpose, Values and Culture

Purpose

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

One of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs.

Values

The Company's culture is driven by its values: excellence, integrity and transparency, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. As all of the Directors are shareholders in the Company, the Directors' interests are aligned with those of other shareholders in this regard. The Board is responsible for promoting strong relationships with the Manager and other service providers, as well as maintaining constructive relationships with shareholders, in order to promote the interests of shareholders. The Board's focus is on long-term growth rather than providing shareholders with dividend income. The Board recognises that sustainability and ESG matters should be fundamental to the investment approach and an essential element of a company's business model and therefore key to generating long-term shareholder value. Further details on ESG company engagement can be found on pages 32 and 33.

Culture

The Board is committed to encouraging and actively creating a culture that is responsive to the views of shareholders and its wider stakeholders. As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board encourages a culture of constructive challenge with all key suppliers and transparency with all stakeholders. The culture is driven by the Company's values which are detailed above. The s172 statement provides further details of how the Board has operated in this regard.

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

Responsible investment

The Manager adopts sustainability and impact investing practices as an integral part of identifying, assessing and monitoring portfolio companies. They believe that responsible investment creates long-term value for both public and private equity investments and benefits all stakeholders. Please refer to the Sustainability section for more information on how the Manager incorporates the assessment of sustainability factors into the investment process.

The Board expects the Manager to engage with investee companies on social, environmental, governance and business ethics issues and to promote best practice. The Board expects the Manager to consider these issues when exercising the Company's voting rights.

Further detail on engagement and stewardship can be found on pages 32 and 33.

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

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

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

Corporate and Social Responsibility

Diversity

In accordance with the requirements of LR.9.8.6R, for the year ended 31 March 2023, the Company sets out data on the diversity of the individuals of the Company's Board and its executive management.

Table for reporting on gender identity

	Number of Board members	Percentage of the Board %	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management %
Men	2	66.6	1	n/a	n/a
Women	1	33.3	1*	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a
Not specified/prefer not to say	n/a	n/a	n/a	n/a	n/a

Table for reporting on ethnic background

	Number of Board members	Percentage of the Board %	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management %
White British or other White (including minority white groups)	3	100	2*	n/a	n/a
Mixed Multiple Ethnic Groups	n/a	n/a	n/a	n/a	n/a
Asian/Asian British	n/a	n/a	n/a	n/a	n/a
Black/African/Caribbean/ Black British	n/a	n/a	n/a	n/a	n/a
Other ethnic group, including Arab	n/a	n/a	n/a	n/a	n/a
Not specified/prefer not to say	n/a	n/a	n/a	n/a	n/a

*The FCA defines senior Board positions as Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Senior Independent Director. As an investment trust with no executive officers, the Company has no CEO or CFO.

The Board has resolved that the Company's year end date is the most appropriate date for disclosure purposes. Data collection was done on a self-identifying reporting basis in a questionnaire which asked individuals to identify their gender identity and ethnic background categories as set out in the required table.

The Company is an investment trust and has no employees or senior management.

As at 31 March 2023, the Company did not meet the expected targets of 40% of the individuals on the Board being women or at least one individual on its Board being from an ethnic minority background. The Board comprised of two men and one woman. The Board fully supports all forms of diversity, including gender and ethnic diversity, and has adopted a diversity and inclusion policy. Whilst the Directors are all independent and have a diverse range of views and experiences, the Board is conscious that its composition is not as diverse as the Directors would like.

The Board did not meet two of the targets set out in LR.9.8.6 due to the Company's IPO being at the end of 2020, and all

Directors were appointed at that time. The Company has a small Board and it will take several years to implement a complete succession plan.

Recognising the benefits of a diverse Board, it is intended that improving diversity will be a key factor when the Board makes its next appointment.

However, due to the nature of the Audit Committee's responsibilities, the Board considers the Audit and Risk Chairman, the position for which is held by a woman, to be a senior position as reflected in the table on the previous page.

Financial crime policy

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

Greenhouse gas emissions and energy usage

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

Business Review

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 its stakeholders. The Board has identified its key stakeholders as the Company's shareholders, the Manager, other service providers and the investee companies. The Board takes a long-term view of the consequences of its decisions, and aims to maintain a reputation for high standards of business conduct and fair treatment among the Company's shareholders. The Board notes that the Company has no employees and the impact of its own operations on the environment and local community is through the impact its service providers or investee companies have.

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

Stakeholder	How we engage
Shareholders	The Company welcomes attendance and participation from shareholders at the AGM. If attending, shareholders have the opportunity to meet the Directors and ask questions at the AGM. The Board values the feedback and questions which it receives from shareholders. The annual and half year results presentations, as well as monthly updates are available on the Company's webpage with results announced via a regulatory news service. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. The Portfolio Managers communicate with shareholders periodically. All investors are offered the opportunity to meet the Chairman and other Board members without using the Portfolio Managers or Company Secretary as a conduit, by writing to the Company's registered office. At Board meetings, the Directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press. The Board, through the Manager, 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. For key decisions, the Board takes into account feedback from shareholders either directly or through service providers, including the Portfolio Managers.
The Manager	The Manager aims to continue to achieve consistent, long-term returns in line with the investment objective and maintains a close and collaborative working relationship with the Board. The Board maintains a constructive collaborate relationship with the Manager, encouraging open discussion and making sure the Manager is acting in the best interests of shareholders. To provide the Manager flexibility to take advantage of further private equity opportunities, the Board reviewed and recommended for shareholder approval changes to the investment policy and restrictions. The Board invites the Manager to attend all Board and certain committee meetings and receives regular reports on the performance of the investments and the implementation of the investment strategy, policy and objective. The portfolio activities undertaken by the Manager and the impact of decisions affecting investment performance are set out in the Portfolio Managers' Review on pages 5 to 19. The management engagement committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually.

Business Review

Stakeholder	How we engage
Service Providers	The Board maintains regular contact with its key external providers, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account. The Board reviews service levels of providers to ensure services are being delivered to the required standard. The management engagement committee periodically reviews the market rates for services received, to ensure that the Company continues to receive high quality service at a competitive cost. The Board regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, while being mindful of how any decisions which it makes can affect its shareholders and wider stakeholders, in the short and the long-term. The Board receives reports from the Manager, Corporate Broker and Company Secretary on recent and proposed changes in regulation and market practice, as well as any likely reputational threats which, in turn, influence the Board's decision-making process.
Investee companies	The Board engages with the Manager who communicates with investee companies regarding any issues which might affect the long-term success of those investments and in turn the Company. The Board believes that it is in the interests of all stakeholders to consider environmental, social and governance ESG factors. The Portfolio Managers take these issues into account when selecting and retaining investments with our investee companies and this continues throughout the life of our investment. Further details on ESG engagement are set out on pages 32 and 33. The Portfolio Managers have discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies, when the Company's rights permit voting. In respect of the year under review, the Portfolio Managers engaged with many of the Company's investee companies and voted at all the annual general meetings and extraordinary meetings held during the year by the Company's investee companies (further details can be found on pages 32 and 33). The Board monitors investments made and divested and questions the Portfolio Managers' rationale for exposures taken and voting decisions made.

Examples of Stakeholder Consideration during the Year

The Directors were particularly mindful of stakeholder considerations in reaching the following key decisions during the year ended 31 March 2023:

- the Board reviewed and recommended for shareholder approval, changes to the investment policy and restrictions, to provide the Portfolio Managers flexibility to take advantage of further private equity opportunities;
- the Board, having sought authority from shareholders, removed the 50:50 public/private allocation guidance and the private equity limit given the strong pipeline of investment opportunities identified by the Portfolio Managers. This will give the Portfolio Managers more flexibility to take advantage of further private equity opportunities;
- the Board is responsible for discount management and is cognisant of the prevailing discount to NAV. During the year under review, the Board utilised a share buyback programme to seek to reduce the discount at which the ordinary shares trade relative to their prevailing NAV and determined that current market conditions had seen high, unforeseen levels of volatility which the Board does not regard as normal market conditions. A total of 1.1 million shares have been bought back and factors such as the size of the Company, the illiquid nature of the private equity holdings, borrowings and cash were considered and will continue to be in any further buybacks;
- the Board and management engagement committee undertook reviews of the third-party service providers and agreed that their continued appointment remained in the best interests of the Company and its shareholders, the audit and risk committee reviewed externally audited internal controls reports of the Depositary and Registrar; and
- the Board continued to consider Board succession planning following the retirement of Chris Keljik as a non-executive Director. The Board has adequate resources to manage workloads at this time but expects to recruit a replacement in due course and will seek to add diversity to the Board when doing so.

Business Review

Approach to sustainability

The Portfolio Managers believe that companies do not operate in a vacuum; rather, their long-term success is in part tied to their ability to adapt to social and environmental trends shaping their industries. For instance, the ability to attract and retain talent, to build strong customer relationships or to adapt to changing regulations are vital to their competitiveness. All are complicated by workers' growing expectations that their employers' values match their own, the growing importance consumers attach to environmental features or product sustainability and the growing pressures governments face to reign back corporate excesses. The challenges vary from company to company and industry to industry, as do the features the Portfolio Managers look for in companies, but the principles and the importance they attach to them are consistent. The same structural trends are also reshaping industries, driving growth in some markets and shrinking others, as capital moves to industries and technologies that will help solve social and environmental challenges.

The approach to sustainability as part of the Company's broader investment process is set out below.

Pre investment process	Post investment process
The appraisal process of an investment from a sustainability perspective is described below:	Following investment, the below are conducted:
Exclusion screening: From the outset, companies operating in certain areas, such as chemical and biological weapons for example, are screened out. Excluded activities are set out in Schroders' Group exclusions[1] and Schroders Capital's Sustainability and Impact Policy[2].	**Engagement:** The Portfolio Managers seek to influence corporate behaviour through direct engagement and/or proxy voting. The Portfolio Managers engage and vote on any issue affecting the long-term sustainable value of the Company's portfolio companies. Engagements are discussed further below.
United Nations' Sustainable Development Goals ("UN SDGs"): The Portfolio Managers seek companies whose business models are aligned with at least one of the UN SDGs or one of the subgoals. However, not every investment will meet this criteria. For such companies, if the Portfolio Managers believe the fundamental and structural drivers of the business are sound, we would then invest with the intention to contribute to the development of the firm's ESG credentials. This is discussed further below.	**Monitoring:** The Portfolio Managers monitor the ESG performance of investments throughout their time as shareholders, and assess if companies have responded to their requests for change. If they feel they do not have enough information, or have identified gaps in companies' awareness or management of their ESG risks and opportunities, they establish dialogue with that firm. The Portfolio Managers also undertake reactive engagement as a result of any negative incident involving one of their investments, in order to understand why it may have occurred, the actions the company is taking as a result, and what the current and future risks may be. Finally, to ensure that the Portfolio Managers consider all potential ESG concerns, where available, they examine the external ESG ratings for the portfolio companies on an annual basis. Companies with a downward trend in ratings may indicate potentially higher ESG risk and therefore be flagged up for further engagement.
Assessment: The Portfolio Managers assess companies' ESG risks and opportunities, identify gaps in their awareness or management of ESG factors, and examine their external ratings. In doing so, the Portfolio Managers are able to determine how they could add value as shareholders. The core of our ESG evaluation stems from a number of Schroders' proprietary quantitative research tools, such as CONTEXT, SustainEx and World-Check: – CONTEXT provides a systematic framework for analysing a company's relationship with its key stakeholders, thus assessing the sustainability of its business model; – SustainEx quantifies the positive and negative impacts on the environment and society; – World-Check is a service that conducts contracting party risk assessment.	

[1]https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/group-exclusions/
[2]https://mybrand.schroders.com/m/f97b8ea198e1cf2/original/April-2022_SC-SI-Policy-vF-1-4.pdf

Business Review

United Nations' Sustainable Development Goals ("SDGs")

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

UN SDGs were adopted by all UN Member States in 2015 as part of the 2030 Agenda for Sustainable Development to address global challenges. The global challenges described by the SDGs have been building up over several decades, and the goals represent a framework to guide ideas and innovation towards tackling those challenges. The 17 discrete goals (shown below), each focus on distinct challenges and are underpinned by a comprehensive range of metrics comprising 169 targets.

The Portfolio Managers believe that investors, big and small, have a part to play in meeting these global goals. While originally intended for governments and policymakers, the SDGs have evolved into a universally recognised framework, used by both the public and private sectors, with both playing a key role in developing solutions. The United Nations Conference on Trade and Development (UNCTAD) estimated that an annual $2.5 trillion was required to achieve the SDGs in developing countries, when the goals were adopted in 2015. More recently, it has been estimated that this gap now stands at c.$4 trillion per year.[3]

As investors, the SDGs can help us understand where to deploy capital and to frame investment decisions. The Portfolio Managers believe that a number of the long-term trends that underpin the achievement of these goals, can provide tailwinds for investments. Businesses which are aligned to one or more of these could be well positioned for growth.

[3]https://unctad.org/news/closing-investment-gap-global-goals-key-building-better-future

Business Review

The below table serves to illustrate which UN SDGs the Portfolio Managers have deemed are aligned to a sample of our investee companies. For the Company's public equity investments, the Portfolio Managers utilise Schroders' proprietary tool, ThemEx, which seeks to align a company's products and services to the SDGs and sustainable investment themes. For the Company's private equity investments, the Portfolio Managers review investments to identify if their business models might positively contribute to one or more UN SDGs, and where possible the relevant targets.

Private equity portfolio company	Select UN SDG*		Public equity portfolio company	Select UN SDG*
Rapyd	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES		National Express	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Cera	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH		Volution	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Leaning Curve	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH		SSP	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waterlogic	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION		discoverIE	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
EasyPark	11 SUSTAINABLE CITIES AND COMMUNITIES		Trainline	13 CLIMATE ACTION

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

There have been instances where investments have been made where the investment team thought the companies would benefit from Schroders' support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs. For example, the Portfolio Managers have discussed these points with Graphcore's management in the past. As the company navigates a difficult macro environment, the Portfolio Managers look to provide the company with further support on this matter.

Engagement

As part of the investment process, the Portfolio Managers meet with company management teams and/or GPs (in the case of private equity co-investments) in advance of investing. This engagement is maintained throughout the life of an investment. The Portfolio Managers take pride in their level of engagement with companies. Schroders' brand, as well as extensive resources across public and private equity investment teams, affords them the ability to regularly engage on all aspects of corporate strategy, including environmental, social and governance matters.

During the year, the Portfolio Managers engaged portfolio holding SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, on the topic of human capital management. They also engaged Watches of Switzerland on executive renumeration. Additionally, various options were discussed, including share buybacks, with the management of a number of the portfolio's public equity holding companies whose share prices had fallen materially.

Regarding the portfolio's public equity holdings, Schroders voted at 38 meetings over the 12-month period:

- 29 AGM meetings
- 5 EGM meetings
- 3 court meetings
- 1 warrant holder meeting
- Votes for management proposals: 94.86% (443 out of 467 resolutions)
- Votes against management proposals: 5.14% (24 out of 467 resolutions)

Resolutions Schroders voted against included:

- Director election/re-election
- Strategic transactions
- Remuneration policy and implementation
- Auditor reappointment
- Share allotments/buybacks

Additionally, the investment team seeks to use its expertise and network to provide support to the portfolio's private companies' business development and strategy. The following engagement case study has been anonymized for the best interest of the portfolio company and shareholders in the company.

Over the past year, the investment team explored options to support an unlisted portfolio company on its strategic partnerships to advance its digital capabilities, introductions to potential investors and M&A opportunities. Leveraging Schroders Capital's extensive network of investors and companies, the team set up five introductory meetings with private equity investors not acquainted with the company, as well as instigating discussions with the company's management and other companies invested in by Schroders Capital. Following discussions with the company's management on bidding tactics and key considerations regarding potential acquisitions, the company improved its position with regards to ongoing acquisition opportunities.

Going forward, we will continue to engage with companies and investment partners to ensure the companies we invest in are managed with due consideration of sustainability. We will continue to promote the importance of sustainable investment and business practices, and will provide advice and guidance where possible.

Business Review

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control, and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the audit and risk committee on an ongoing basis. The Board has also adopted a risk appetite statement. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to regular, robust review. The last review took place in March 2023.

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

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

Emerging risks and uncertainties

During the year, the Board continued to discuss and monitor a number of risks which could affect the Company or the valuations of investee companies. Two emerging risks were considered, geopolitical risks and ESG risks. The Board receives updates from the Portfolio Managers, Company Secretary and other service providers on other potential risks that could affect the Company.

Geopolitical risk includes the impact of regional tensions, trade wars and sanctions against companies. During the year, the Board noted that the Russian invasion of Ukraine impacted supply chains, inflation and interest rates both in the UK and globally. Increases in interest rates lead to increases in the discount rates used to value growth companies. This has led to the Board determining that the market risks faced by the Company have increased in the last year.

ESG risks are increasing generally owing to greater awareness of the long term cost of the environmental impact of corporate activities as well as changes in investor requirements. This has led to the Board considering the market risks affecting the pricing of the Company's investments as having increased during the last year.

Strategic Risks	Mitigation and management	Change trend
The Company's investment objective may become out of line with the requirements of investors, or the Company's investment strategy may not be sufficiently differentiated from other products resulting in the Company being subscale and shares trading at a discount.	The appropriateness of the Company's investment remit is regularly reviewed and the Board monitors the success of the Company in meeting its stated objectives. The Company has a fixed life which will only be extended if the Company continues to meet investor requirements.	⇔
The Company has a fixed life. In the event that no alternative proposals are put forward to shareholders, or such proposals are not approved by shareholders, the Company will commence winding up in 2028. It could take several years until all of the Company's private equity investments are disposed of and any final distribution of proceeds made to shareholders.	The private equity Portfolio Managers have extensive experience and a track record in accurately timing the exits of private equity investments. The Board will ensure that any alternative proposals to be made to shareholders, are put forward at an appropriate time.	⇔

Business Review

Market Risks	Mitigation and management	Change trend
Underlying investee companies within the Company's portfolio may experience fluctuations in their operating results due to fluctuations in the market or general economic conditions (including changes to interest rates, inflation, geopolitical and ESG related regulations). These would in turn affect the performance of the Company.	The Portfolio Managers adopt an active management approach and focus on sustainable businesses capable of generating long-term returns for shareholders. The Board receives quarterly reports from the Portfolio Managers on the performance of the Company's investments and the market outlook.	⇧ The increased risk reflects concerns around general economic conditions following the ongoing war in Ukraine as well as higher inflation and interest rate rises.
Changes to the framework of regulation and legislation (including rules relating to listed closed-end investment companies or loss of the exemption for investment trusts from UK tax on chargeable gains) within which the Company operates could have a material adverse impact on the Company.	The Company Secretary, Corporate Broker, Portfolio Managers and auditor appraise the Board of any prospective changes to the legal and regulatory framework, so that requisite actions can be planned.	⇔

Operational Risks	Mitigation and management	Change trend
The Company's shares may not trade in line with NAV, depending on factors such as supply and demand for the Company's shares, market conditions and general investor sentiment. The operation of the Company's policy to manage any discount could result in the Company's operating charges ratio becoming excessive.	The Board monitors the NAV and receives regular updates. The Board has a discount/premium policy and the Board consider whether a buyback would be for the benefit of the Company as a whole, its shareholders and take into account relevant factors and circumstances at the time. The Board monitors marketing and distribution activity regularly.	⇧ The increased risk reflects heightened market volatility.
The Company's investment portfolio is managed by the Portfolio Managers and, in particular, is led by two key individuals. Loss of a portfolio manager could affect performance and market sentiment leading to a widening discount of the share price compared with the NAV.	The Board regularly considers key man risk and seeks assurances concerning the depth of expertise of the investment management teams which manage the Company's portfolio. The Board receives assurances from the Manager regarding the Portfolio Manager's incentive arrangements and succession planning.	⇔
Private equity investments are generally less liquid and more difficult to value than publicly traded companies. A lack of open market data and reliance on investee company projections may also make it more difficult to estimate fair value on a timely basis.	Contracts are drafted to include obligations to provide information with regard to investee companies in a timely manner, where possible. The Manager has an extensive track record of valuing privately held investments. The audit and risk committee reviews all valuations of unquoted investments on a quarterly basis and challenges methodologies used by the Portfolio Managers.	⇔
Liquidity risks include those risks resulting from holding private equity investments as well as not being able to participate in follow-on fundraises through lack of available capital which could result in dilution of an investment.	Concentration limits are imposed on single investments to minimise the size of positions. The Portfolio Managers consider liquidity risk when selecting investments. The Portfolio Managers will seek to manage cashflow such that the Company will be able to participate in follow up fundraisings where appropriate. The Board receives quarterly reports from the Manager on the portfolio's liquidity.	⇔

Operational Risks	Mitigation and management	Change trend
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. Failure to price sustainability risks into an investment by the Portfolio Manager which could lead to future losses. The AIFM, the Portfolio Managers, the Depositary, the Company Secretary and the Administrator perform services that are integral to the operation of the Company and any of the Company's service providers could terminate their contract.	Experienced third party service providers are employed by the Company under appropriate terms and conditions and with agreed service level specifications. Service level agreements include clauses which set out the notice periods for termination. The Board receives regular reports from its service providers and the management engagement committee reviews the performance of key service providers at least annually. The audit and risk committee reviews reports on the external audits of the internal controls of certain key service providers.	⇔

Risk assessment and internal controls review by the Board

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

No significant control failings or weaknesses were identified from the audit and risk committee's ongoing risk assessment which has been in place throughout the year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

An analysis of the financial risks facing the Company is set out in note 22 to the accounts on pages 77 to 80.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 July 2024 which is more than twelve months from the date when this Report and accounts was signed and the Directors have accordingly adopted the going concern basis in preparing this Report and accounts.

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

Viability statement

In accordance with the AIC Code the Board has considered the longer term prospects for the Company beyond the twelve months required to assess the Company's ability to continue as a going concern. The Board believes that a period of five years reflects a suitable time horizon for strategic planning, the investment cycle of private equity and the longer term view taken by the Portfolio Managers and investors; this period is in line with the Company's Key Information Document. The Company has a fixed life. In the event that no alternative proposals are put forward to shareholders, or such proposals are not approved by shareholders, the Company will commence winding up in 2028.

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

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

The Directors have considered each of the Company's principal and emerging risks and uncertainties detailed on pages 34 to 36. In particular, the Directors concluded that the emerging geopolitical and ESG risks do not materially impact the viability of the Company. The Directors have also considered a significant fall in equity markets on the value of the Company's investment portfolio. The Directors have, furthermore, considered the Company's projections of income and expenditure as well as any commitments to provide funding to investee companies. They have noted that the Company's investment portfolio will continue to comprise a significant proportion of highly liquid listed equities which can be readily realised and that a substantial proportion of the Company's operating expenses vary with the value of the investment portfolio. As stated in Going Concern above, the Company is a closed-end investment trust and there is no requirement to redeem or buy back shares. A stress test to evaluate the consequences of a 50% reduction in the market value of the Company's investments over the five year period has also been evaluated.

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

5 July 2023

Board of Directors

Neil England

Status: Independent non-executive Chairman

Length of service: appointed as a Director and Chairman in November 2020.
Neil has held a number of leadership roles in various sectors including food, FMCG (fast moving consumer goods), distribution, technology and financial services. Neil was Vice President of Mars Incorporated; Group Chief Executive at The Albert Fisher Group Plc and Group Commercial Director at Gallaher Group Plc. Neil has been Chairman of a number of companies including ITE Group Plc, Blackrock Emerging Europe Plc and six private businesses. He is currently the Chairman of Augmentum Fintech plc (a specialist venture capital investment company) and a non-executive Director of a private equity backed leisure business.

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

Committee membership: audit and risk, management engagement and nominations committees (Chairman)
Number of shares held: 55,000*

Diana Dyer Bartlett

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

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

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

Committee membership: audit and risk (Chairman)**, management engagement and nominations committees
Number of shares held: 46,345*

Tim Jenkinson

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

Length of service: appointed as a Director in November 2020.
Tim is Professor of Finance at the Saïd Business School, University of Oxford, Director of the Oxford Private Equity Institute and one of the founders of the Private Equity Research Consortium. Tim's research has won many awards. He is a Professorial Fellow at Keble College, University of Oxford and a Research Associate of the European Corporate Governance Institute. Tim is a partner at the European economic consulting firm Oxera. He has previously held Board positions in PSource Structured Debt Limited, the US financial services firm DFC Global Corporation and the German utility comparison firm, Verivox GmbH. Tim was a Specialist Advisor to the Culture, Media and Sport Select Committee of the UK Parliament.

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

Committee membership: audit and risk, management engagement (Chairman) and nominations committees
Number of shares held: 6,609*

*Shareholdings are as at 5 July 2023, full details of Directors' shareholdings are set out in the Remuneration Report on page 49.
**A primary responsibility of the committee is oversight of the valuations process. In the coming year, the Board plans to separate this committee into two, namely an audit and risk committee, and a valuation committee.

Directors' Report

The Directors submit their report and the audited Report and accounts of the Company for the year from 1 April 2022 to 31 March 2023.

Directors and officers

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 38. He has no conflicting relationships.

Company Secretary

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

Role and operation of the Board

The Board (of three Directors, listed on page 38) is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Business Review on pages 21 to 37 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

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

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

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

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

Key service providers

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

Manager

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

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

Private investments are managed by Schroders' specialist private equity team, Schroders Capital. Schroders Capital has over 20 years' experience successfully investing in companies, both directly via direct co-investment and through funds. They manage over £12.9 billion of assets across several specialist strategies. The private portion of the Company's portfolio is managed by Tim Creed, Schroders Capital's Head of European Private Equity. Tim is a member of the firm's Global Investment Committee and he is supported by a sizable team of private equity investment professionals who commit a substantial amount of their time to the portfolio.

The Schroders Group manages £737.5 billion (as at 31 December 2022) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Directors' Report

Management and performance fees

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

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

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

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

"**Listed Value Change**" means the aggregate price increase or decrease attributable to each PE Portfolio Investment in listed shares that are held at the end of the relevant Calculation Period.

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

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

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

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

Details of all amounts payable to the Manager are set out in note 19 to the accounts on page 75.

Depositary

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

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

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

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

The 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 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 UK Code is available on the FRC's website: www.frc.org.uk.

The Company is a member of the AIC, which has published its own Code of Corporate Governance to recognise the special circumstances of investment trusts (www.theaic.co.uk) as endorsed by the FRC. The Board has considered the principles and provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code"), which addresses those set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company as an investment trust.

The AIC Code also includes an explanation of how the principles and provisions set out in the UK Code are adapted to make them relevant for investment companies.

Directors' Report

The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders.

The Board confirms that the Company has complied throughout the year under review with the relevant principles and provisions of the AIC Code except as set out below:

- the role of executive Directors and senior management;
- executive Directors' remuneration;
- the need for an internal audit function; and
- the requirement to establish a remuneration committee.

The Board considers that these provisions, except for the requirement to establish a remuneration committee, are not relevant to the Company, as an externally managed investment company. Furthermore, all of the Company's day to day management and administrative functions are outsourced to third parties and the Company has no executive Directors, employees or internal operations. The Company has not therefore reported further in respect of these provisions.

The nomination committee fulfils the function of the remuneration committee and considers any change in the Directors' remuneration policy. A separate committee has not therefore been established. As permitted under the AIC Code, the Chairman is a member of the audit and risk committee. An explanation as to why this is considered appropriate is set out in the audit and risk committee Report on page 43.

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

Revenue, final dividend and dividend policy

The net revenue loss for the year, after finance costs and taxation, was £639,000, equivalent to a revenue loss per ordinary share of 0.86 pence.

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

The Company has adopted a policy of allocating all operating costs to revenue reserves rather than apportioning any to the capital reserve. This policy is expected to result in a revenue loss being reported in most accounting periods.

Committees

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

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

Company Status

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

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

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

Share capital and substantial share interests

As at 31 March 2023, the Company had 73,900,000 ordinary shares of 1p in issue. 1,100,000 shares were held in treasury. Accordingly, the total number of voting rights in the Company at 31 March 2023 was 73,900,000. Details of changes to the Company's share capital during the year are given in note 14 to the accounts on page 73.

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

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

Directors' Report

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

	As at 31 March 2023	% of total voting rights
Schroders plc	21,151,996	28.203%
East Riding Of Yorkshire Council	15,000,000	20.000%

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

Provision of information to the auditor

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

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the year and the attendance of individual Directors is shown below.

Director	Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Neil England	4/4	4/4	2/2	2/2
Diana Dyer Bartlett	4/4	4/4	2/2	2/2
Tim Jenkinson	4/4	4/4	2/2	2/2
Chris Keljik*	3/3	3/3	1/1	1/1

*Chris Keljik resigned from the Board on 28 February 2023.

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. 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

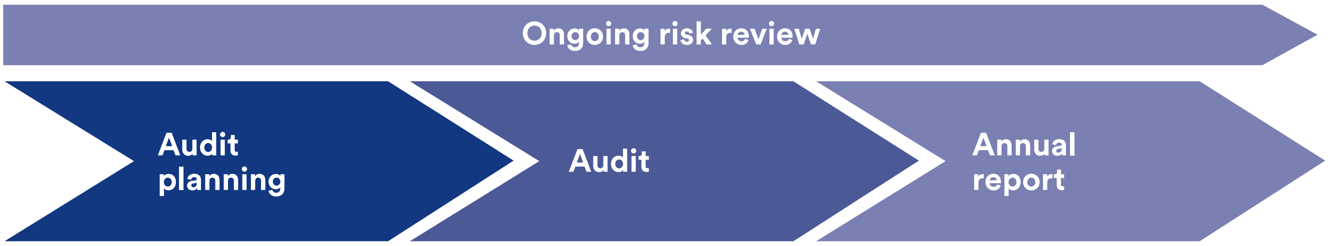
5 July 2023

Audit and Risk Committee Report

The responsibilities and work carried out by the audit and risk committee during the year are set out below. The duties, which include monitoring the integrity of the Company's financial reporting and internal controls, may be found in the terms of reference which are set out on the Company's webpage: www.schroders.com/sbo.

A primary responsibility of the committee is oversight of the valuations process. In the coming year, the Board plans to separate this responsibility by forming a valuations committee.

Due to the size of the Board, all Directors are members of the committee. Diana Dyer Bartlett is the Chairman of the committee. The Board has satisfied itself that at least one of the committee's members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the Company operates. The Chairman of the Board is a member of the committee, and was independent on appointment.



Approach

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

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

Audit and Risk Committee Report

The committee identified no significant internal control issues during the committee's review of the Company's principal risks and uncertainties. The below table sets out how the committee discharged its duties during the year and up until the approval of this report. The committee met four times during the year. Further details on attendance can be found on page 42. An evaluation of the committee's effectiveness and review of its terms of reference was performed in March 2023 and the next will be completed as part of the Board and committee evaluation process in the next reporting year.

Application for the year		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Service provider controls Consideration of the internal controls maintained by the Manager, Depositary and Registrar.	**Valuation and existence of holdings** Considered reports from the Manager and Depository, including quarterly reports and one at the year end. The committee has reviewed the valuation methodologies used for both public and private investments.	**Meetings with the auditor** The auditor attended meetings to present their audit plan and the findings of the audit. The committee met the auditor without representatives of the Manager present.
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, administrator Depositary and Registrar, including assurance reports and presentations on these controls. During the year, the administrator highlighted an error on one of the daily NAV announcements. The administrator confirmed that this was rectified that day. The committee discussed oversight of services with the administrator who confirmed an independent review had taken place and implemented controls to ensure it would not be repeated.	**Recognition of investment income** Reviewed consideration of dividends received against forecast and the allocation of special dividends. The committee took steps to gain an understanding of the processes to record investment income so that dividends paid by any investee companies held at any time during the year, had been recorded and, where appropriate, collected.	**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee was satisfied with the auditor's replies.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance. External auditor confirmation of compliance with s1158.	**Calculation of the investment management fee and performance fee** Confirmed that the management fees have been calculated in accordance with the AIFM agreement.	**Auditor independence** Ernst & Young LLP has provided audit services to the Company since it was appointed on 19 May 2021. This is the third period that Ernst & Young LLP will be undertaking the Company's audit. The auditors are required to rotate the senior statutory auditor every five years. This is the third period that the senior statutory auditor, Caroline Mercer, has conducted the audit of the Company's Report and accounts. The auditors were appointed due to their experience. There are no contractual obligations restricting the choice of external auditors.
	Overall accuracy of the report and accounts Consideration of the draft report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.

Audit and Risk Committee Report

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

Recommendations made to, and approved by, the Board:

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

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

As a result of the work performed, the committee has concluded that the report for the year ended 31 March 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 52.

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

Diana Dyer Bartlett
Audit and risk committee Chairman

5 July 2023

Management Engagement Committee Report

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

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 year and the reporting from the Manager to the shareholders.
- assesses management fees including the performance fee on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Depositary and Custodian
- Corporate Broker
- Registrar

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

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

Application for the year

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

The committee also reviewed the terms of the AIFM agreement, including the fee structure.

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

The committee conducted their annual review of service providers which were deemed satisfactory, including a detailed review of the Depositary & Custodian took place.

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

Recommendations made to, and approved by, the Board:

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

Nomination Committee Report

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

Oversight of Directors

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

Approach

Selection and induction

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

Board evaluation and Directors' fees

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

Succession

- The Board's succession policy is that Directors' tenure will be for no longer than nine years, except in exceptional circumstances, and that each Director will be subject to annual re-election at the AGM.
- Committee reviews the Board's current and future needs at least annually. Should any need be identified the committee will initiate the selection process.
- Committee oversees the handover process for retiring Directors.

Nomination Committee Report

Application for the year		
Selection and induction	**Board evaluation and Directors' fees**	**Succession**
• No new appointments were made during the year.	• A Board and committee evaluation process was undertaken in September 2022 and reported to the committee in December 2022. • The committee also reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to be independent in character and judgement. • The committee also considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on page 38. • Based on its assessment, the committee provided individual recommendations for each Director's re-election. • The committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees, remain unchanged as detailed in the remuneration report.	• The committee believes it is important for the Board to have the appropriate skills and diversity and will continue to review composition and succession plans with these in mind.

Recommendations made to, and approved by, the Board:

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

Directors' Remuneration Report

Introduction

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

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

At the AGM held on 5 September 2022, 99.98% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Report were in favour, while 0.02% were against and 5,952 were withheld for the year ended 31 March 2022.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board and the nomination committee. The committee has reviewed the Directors' fees and agreed that they remain unchanged as detailed in the remuneration report.

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

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

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

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

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

Implementation of policy

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

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

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

Directors' report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 31 March 2023.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the nomination committee and the Board in July 2022. The members of the Board at the time that remuneration levels were considered are set out on page 38. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment companies managed by Schroders and peer group companies provided by the Manager and Corporate Broker was taken into consideration as was independent third party research.

Directors' Remuneration Report

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the year ended 31 March 2023. Directors' remuneration is all fixed; they do not receive any variable remuneration.

Remuneration report

	Fees		Taxable benefits[1]		Total		
Directors	Year ended 31 March 2023 £	Nine month period ended 31 March 2022 £	Year ended 31 March 2023 £	Nine month period ended 31 March 2022 £	Year ended 31 March 2023 £	Nine month period ended 31 March 2022 £	Seven month period ended 30 June 2021 £
Neil England (Chairman)	**42,003**	30,110	**–**	618	**42,003**	30,728	23,287
Diana Dyer Bartlett	**36,753**	26,345	**–**	193	**36,753**	26,538	19,966
Tim Jenkinson	**31,502**	22,582	**44**	43	**31,546**	22,625	17,536
Chris Keljik[2]	**28,827**	22,582	**–**	–	**28,827**	22,582	17,877
	139,085	101,619	**44**	854	**139,129**	102,473	78,666

[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.
[2]Resigned from the Board on 28 February 2023.

The information in the above table has been audited.

Change in annual remuneration payable

Directors	Change in annual fee over the year ended 31 March 2023[1] %	Change in annual fee over the nine month period ended 31 March 2022[1] %
Neil England (Chairman)	2.5	2.6
Diana Dyer Bartlett	3.9	3.4
Tim Jenkinson	4.6	0.3
Chris Keljik[2]	n/a	(1.8)

[1]The changes have been calculated based on annualised fees for the nine months ended 31 March 2022 and the seven months ended 30 June 2021.

[2]Resigned from the Board on 28 February 2023.

The information in the above table has been audited.

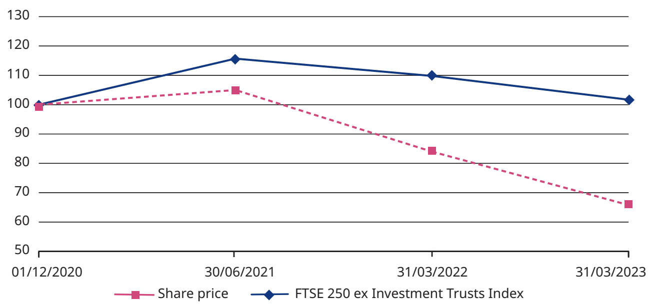
The table below compares the remuneration payable to Directors, to distributions made to shareholders during the year under review and the prior period. In considering these figures, shareholders should take into account the Company's investment objective.

	Year ended 31 March 2023 £'000	Nine month period ended 31 March 2022 £'000	% Change[1]
Remuneration payable to Directors	**139**	102	2.2
Distributions paid to shareholders: share buybacks	**808**	–	–

[1]The change has been calculated based on an annualised fee for the nine months ended 31 March 2022.

Performance graph since 1 December 2020 (launch date)

A graph showing the Company's share price total return versus the FTSE 250 ex Investment Trusts Index[1] total return is set out below.



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

Definitions of terms and performance measures are provided on pages 86 and 87.

Directors' Remuneration Report

Directors' share interests

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

	At 31 March 2023[1]	At 31 March 2022[1]
Neil England	**55,000**	30,000
Diana Dyer Bartlett	**46,345**	20,000
Tim Jenkinson	**6,609**	–

[1]Ordinary shares of 1p each.

The information in the above table has been audited.

On behalf of the Board

Neil England
Chairman

5 July 2023

Governance

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare the Report and accounts for each financial year. Under that law, the Directors have prepared the Report and accounts 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 Report and accounts 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 year. In preparing these Report and accounts, the Directors are required to:

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

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

Each of the Directors, whose names and functions are listed on page 38, confirm that to the best of their knowledge:

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

On behalf of the Board

Neil England
Chairman

5 July 2023

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

Opinion

We have audited the financial statements of Schroder British Opportunities Trust plc (the "Company") for the year ended 31 March 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 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 Financial Reporting Council's ('FRC') 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:

- Confirmation of our understanding of the Company's going concern assessment process and we engaged with the Directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 31 July 2024 which is at least twelve months from the date the financial statements were authorised for issue.
- Review of the factors and assumptions, including the impact of the current economic environment, 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.
- Review of the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements as a result of the Company operating at a forecasted revenue loss.
- Consideration of the commitments that have been made with respect to the purchase of unquoted investments and made sure that these have been appropriately taken account of when preparing the forecast.
- Review of 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 July 2024, which is at least 12 months from when the financial statements are authorised for issue.

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

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

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

Overview of our audit approach

Key audit matters	–	Risk of incorrect valuation or ownership of the investment portfolio
	–	Risk of incorrect calculation of the performance fee
Materiality	–	Overall materiality of £0.79m (2022: £0.78m) which represents 1% (2022: 1%) of Shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

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

Climate change

Stakeholders are increasingly interested in how climate change will impact companies. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process, This is explained on page 34 in the principal risks and uncertainties section. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited 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, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in Note 2c and conclusion that there was no further impact of climate change to be taken into account as the quoted investments are valued based on market pricing as required by FRS 102. The Company's 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. Valuations are cross-checked for reasonableness using alternative methods such as: prices of recent transactions, earnings multiples, probability weighted expected returns or option pricing models as appropriate and are therefore deemed to reflect market participants view of climate change risk on the investments held. 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 judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

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

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect valuation or ownership of the investment portfolio *(as described on page 44 in the Audit and Risk Committee Report and as per the accounting policy set out on page 65)* The value of the investment portfolio at 31 March 2023 was £74.13m (2022: £64.69m) consisting of quoted investments with an aggregate value of £26.17m (2022: £37.28m) and unquoted investments with an aggregate value of £47.96m (2022: £27.41m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid prices which are at close of business on the reporting date. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by Schroder Capital (the "Portfolio Manager" for unquoted investments). The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unquoted investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements and has been classified as an area of fraud risk as highlighted below on page 60.	**We have performed the following procedures:** We obtained an understanding of the Portfolio Manager's and the Administrator's processes and controls surrounding legal title and valuation of quoted and unquoted investments by performing walkthrough procedures. For all quoted investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end We confirmed with the Administrator that there were no investments with stale prices for the quoted investments as at the year end and therefore no stale pricing report produced. We obtained the market prices, from an independent pricing vendor, for 5 business days pre and post the year end date and calculated the day-on-day movement and confirmed there are no stale prices. We compared the Company's quoted investment holdings at 31 March 2023 to independent confirmations received directly from the Company's Custodian and Depositary. We recalculated the unrealised gains/losses on the unquoted investments as at the year end using the book-cost reconciliation. We engaged our team of valuation specialists to review the valuations of all unquoted investments and this included completing the following procedures: – Reviewing the valuation papers prepared by the Portfolio Manager for the year ended 31 March 2023 to gain an understanding of the valuation methodologies and assumptions used; – Assessing whether the valuations have been performed in line with general valuation approaches as set out in UK GAAP and the International Private Equity and Venture capital ('IPEV') guidelines;	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

Financial

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
	– Assessing and validating the appropriateness of data inputs and challenging the assumptions used to support the valuations; – Assessing and undertaking our own analysis of other facts and circumstances, such as market movement and comparative company information, that have an impact on the fair market value of the investments; and – Assessing whether Management's valuations are reasonable and within an independently calculated acceptable valuation range taking into consideration the growth of the investee companies during the year along with the overall movement in the market based on a portfolio of comparable companies for each investee company. We corroborated a sample of inputs used by the Portfolio Manager in the valuation to information which has been substantively tested as part of our audit. Where relevant, we obtained the most recent reporting produced by the general partners and compared these to the Company's valuations as at 31 March 2023 to ensure consistencies in the assumptions or data inputs used. We reviewed the financial statements to ensure that there are adequate disclosures regarding valuation uncertainty and assumptions made in the valuation, including the fair value hierarchy. We obtained confirmations directly from the underlying portfolio companies with respect to the unquoted investments held by the Company.	

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

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Incorrect calculation of the performance fee *(as described on page 44 in the Audit and Risk Committee Report and as per the accounting policy set out on page 66)* The Manager is entitled to a performance fee, the sum of which will be equal to 15% of the amount by which the Private Equity Portfolio Total Return at the end of the calculation period exceeds the performance hurdle. The amount of performance fee accrued as at 31 March 2023 was £1.67m (2022: £1.12m), which represents the fee payable for the periods ended 30 June 2021 and 31 March 2022 and year ended 31 March 2023. The performance fee is only paid on subsequent realisation of the unquoted investments and therefore £0.48m (2022: £nil) has been presented as a current liability as at 31 March 2023 representing a realisation in the year with respect to the investment in Waterlogic. As the inputs to the performance fee are dependent on the valuations of the unquoted investments, there is a risk that the valuation of unquoted investments is overstated resulting in a higher performance fee due to the Manager.	**We have performed the following procedures:** We obtained an understanding of the Manager's and the Administrator's processes surrounding the calculation of performance fees by performing walkthrough procedures. We tested the mathematical accuracy of the calculation, verified that the calculation was in accordance with the Investment Management Agreement and verified the inputs used to appropriate support including the audited valuations data. We reviewed the conditions for payment of the performance fee and verified that the realised gain incurred on the unquoted investment, Waterlogic, meets the conditions for the Company to be liable to make a payment of an equal amount as at 31 March 2023.	The results of our procedures identified no material misstatements in relation to the risk of incorrect calculation of the performance fee.

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £0.79 million (2022: £0.78 million), which is 1% (2022: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

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

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £0.59m (2022: £0.59m).

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement which is usually calculated as 5% of net revenue before tax. In the case of the Company, as there is a net loss before tax, we have set our revenue testing threshold in line with the reporting threshold which is calculated as 5% of planning materiality and is £0.04m (2022: £0.04m).

Reporting threshold

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

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.04m (2022: £0.04m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report 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.

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

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 Association of Investment Companies (AIC) Code of Corporate Governance 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 36;
- 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 36;
- 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 pages 36 and 37;
- Directors' statement on fair, balanced and understandable set out on page 52;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 34;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 43 and 44; and
- The section describing the work of the audit and risk committee set out on page 43.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 52, 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 United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Association of Investment Companies' (the 'AIC') Code of Corporate Governance, the AIC's Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

Financial

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

- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incorrect valuation of the unquoted investments and the resulting impact on unrealised gains/(losses) and incorrect calculation of the performance fee. Further discussion of our approach is set out in the section on key audit matters above which include our response to the fraud risks and other areas of audit focus.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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 committee, we were appointed by the Company on 19 May 2021 to audit the financial statements for the period ending 30 June 2021 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 3 periods, covering the periods ending 30 June 2021 and 31 March 2022 and year to 31 March 2023.
- The audit opinion is consistent with the additional report to the audit and risk committee.

Use of our report

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

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

5 July 2023

Income Statement
For the year ended 31 March 2023

	Note	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	For the nine months ended 31 March 2022[1] Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	–	3,198	3,198	–	(1,453)	(1,453)
Losses on derivative contracts		–	–	–	–	(481)	(481)
Gains on foreign exchange		–	16	16	–	–	–
Income from investments	4	392	–	392	296	–	296
Other interest receivable and similar income	4	77	–	77	–	–	–
Gross return/(loss)		469	3,214	3,683	296	(1,934)	(1,638)
Portfolio management fee	5	(458)	–	(458)	(372)	–	(372)
Performance fee	5	–	(555)	(555)	–	(714)	(714)
Administrative expenses	6	(650)	–	(650)	(500)	–	(500)
Transaction costs	11	–	(4)	(4)	–	1	1
Net return/(loss) before finance costs and taxation		(639)	2,655	2,016	(576)	(2,647)	(3,223)
Finance costs	7	–	–	–	(1)	–	(1)
Net return/(loss) before taxation		(639)	2,655	2,016	(577)	(2,647)	(3,224)
Taxation	8	–	–	–	–	–	–
Net return/(loss) after taxation		(639)	2,655	2,016	(577)	(2,647)	(3,224)
Return/(loss) per share	10	(0.86)p	3.57p	2.71p	(0.77)p	(3.53)p	(4.30)p

[1]The Company changed its accounting date to 31 March commencing 1 July 2021. The comparative figures cover the nine month period from 30 June 2021 to 31 March 2022.

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

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

The notes on pages 65 to 81 form an integral part of these accounts.

Financial

Statement of Changes in Equity

For the year ended 31 March 2023

	Called-up share capital £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 March 2022	**750**	**72,765**	**5,598**	**(1,010)**	**78,103**
Repurchase of the Company's own shares into treasury	**–**	**(808)**	**–**	**–**	**(808)**
Net return/(loss) after taxation	**–**	**–**	**2,655**	**(639)**	**2,016**
At 31 March 2023	**750**	**71,957**	**8,253**	**(1,649)**	**79,311**

For the nine months ended 31 March 2022[1]

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

[1]The Company changed its accounting date to 31 March commencing 1 July 2021. The comparative figures cover the nine month period from 30 June 2021 to 31 March 2022.

The notes on pages 65 to 81 form an integral part of these accounts.

Statement of Financial Position at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022[1] £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**74,128**	64,691
Current assets			
Debtors	12	**151**	115
Cash at bank and in hand	12	**7,759**	15,452
		7,910	15,567
Current liabilities			
Creditors: amounts falling due within one year	13	**(1,543)**	(1,039)
Net current assets		**6,367**	14,528
Total assets less current liabilities		**80,495**	79,219
Creditors: amounts falling due after more than one year			
Performance fee		**(1,184)**	(1,116)
Net assets		**79,311**	78,103
Capital and reserves			
Called-up share capital	14	**750**	750
Capital reserves	15	**80,210**	78,363
Revenue reserve	15	**(1,649)**	(1,010)
Total equity shareholders' funds		**79,311**	78,103
Net asset value per share	16	**107.32p**	104.14p

[1]Restated as detailed in note 13 on page 72.

The accounts were approved and authorised for issue by the Board of Directors on 5 July 2023 and signed on its behalf by:

Neil England
Chairman

The notes on pages 65 to 81 form an integral part of these accounts.

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

Company registration number: 12892325

Financial

Cash Flow Statement

	Note	Year ended 31 March 2023 £'000	For the nine months ended 31 March 2022[1] £'000
Net cash outflow from operating activities	17	**(662)**	(180)
Investing activities			
Purchases of investments		**(19,840)**	(7,285)
Sales of investments		**13,601**	5,650
Cash outflow from derivative instruments		**–**	(693)
Net cash outflow from investing activities		**(6,239)**	(2,328)
Net cash outflow before financing		**(6,901)**	(2,508)
Financing activities			
Repurchase of Ordinary shares into treasury		**(808)**	–
Net cash outflow from financing activities		**(808)**	–
Net cash outflow in the year/period		**(7,709)**	(2,508)
Cash at bank and in hand at the beginning of the year/period		**15,452**	17,960
Net cash outflow in the year/period		**(7,709)**	(2,508)
Exchange movements		**16**	–
Cash at bank and in hand at the end of the year/period		**7,759**	15,452

Included under operating activities are dividends received during the year amounting to £362,000 (period ended 31 March 2022: £230,000) and interest receipts amounting to £62,000 (period ended 31 March 2022: nil).

[1]The Company changed its accounting date to 31 March commencing 1 July 2021. The comparative figures cover the nine month period from 30 June 2021 to 31 March 2022.

The notes on pages 65 to 81 form an integral part of these accounts.

Notes to the Accounts

1. Accounting period

The Company changed its accounting date to 31 March commencing 1 July 2021. The comparative figures cover the nine month period from 30 June 2021 to 31 March 2022.

2. Accounting policies

(a) Basis of accounting

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

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The accounts are prepared in accordance with Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in 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 July 2024, which is at least 12 months from the date of approval of this report and accounts. In forming this opinion, the Directors have taken into consideration: the controls and monitoring processes in place, the Company's other payables, the level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn, the Company's cash flow forecasts and the liquidity of the Company's investments. In forming this opinion, the Directors have also considered the Company's principal risks, including climate change. Further details of Directors' considerations regarding this are given in the Chairman's Statement, Investment Managers' Review, Going Concern Statement, Viability Statement and under the Principal and Emerging Risks heading on page 34. The accounts have been prepared on the assumption that approval as an investment trust will continue to be granted.

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

(b) Use of judgements, estimates and assumptions

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

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

The key estimates in the 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 estimates and assumptions are described in note 21 on pages 75 and 76.

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

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

This valuation process is consistent with International Private Equity and Venture Capital ("IPEV") guidelines issued in December 2022, which are intended to set out current best practice on the valuation of Private Equity investments.

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

(ii) Investments which are not traded in an active market are valued using the price of a recent investment, where there is considered to have been no material change in fair value.

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

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

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

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

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

In line with FRS102 the Company's listed investments are valued at fair value, which are quoted bid prices for investments in active markets at the accounting date and therefore reflect market participants view of climate change risk on the investments held. The Company's unquoted investments at 31 March 2023 were valued using a variety of techniques consistent with the recommendations set out in the IPEV guidelines. Valuations of all unquoted investments are cross-checked for reasonableness using alternative methods such as: prices of recent transactions, earnings multiples, probability weighted expected returns or option pricing models as appropriate, and are therefore deemed to reflect market participants' view of climate change risk on the investments held.

(d) Accounting for reserves

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

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

(e) Income

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

Overseas dividends are included gross of any withholding tax.

Deposit interest outstanding at the 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 are given in note 11 on pages 70 to 72.

(g) Cash and cash equivalents

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

(h) Financial instruments

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

Bank loans are initially measured at fair value and subsequently measured 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 years in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the accounting date and is measured on an undiscounted basis.

(j) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(k) Foreign currency

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

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value, denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at 1600 hours on the accounting date.

(l) Repurchases of shares into treasury and subsequent reissues

The cost of repurchasing the Company's own shares into treasury, including the related stamp duty and transaction costs is dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

The sales proceeds of treasury shares reissued are treated as a realised profit up to the amount of the weighted average purchase price of those shares and is transferred to capital reserves. Any excess of sales proceeds over the purchase price is transferred to "share premium".

3. Gains/(losses) on investments held at fair value through profit or loss

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Gains/(losses) on sales of investments based on historic cost	**889**	(274)
Amounts recognised in investment holding gains and losses in the previous period in respect of investments sold in the period	**327**	(310)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**1,216**	(584)
Net movement in investment holding gains and losses	**1,982**	(869)
Gains/(losses) on investments held at fair value through profit and loss	**3,198**	(1,453)

Notes to the Accounts

4. Income from investments

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Income from investments:		
UK dividends	**374**	233
Overseas dividends	**18**	63
	392	296
Other interest receivable and similar income:		
Deposit interest	**77**	–
Other income	**–**	–
	77	–
Total income	**469**	296

5. Investment management fee and performance fee

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Revenue:		
Investment management fee	**458**	372
Capital:		
Performance fee	**555**	714

The bases for calculating the investment management and performance fees are set out in the Directors' Report on page 40 and details of all amounts payable to the Manager are given in note 19 on page 75.

6. Administrative expenses

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Other administrative expenses	**185**	155
Company secretarial and administrative fee payable to Schroders	**180**	135
Directors' fees[1]	**139**	102
Auditor's remuneration for the audit of the Company's annual accounts[2]	**146**	108
	650	500

[1]Full details are given in the remuneration report on pages 49 to 51.

[2]Includes VAT amounting to £24,000 (2022: £18,000).

Notes to the Accounts

7. Finance costs

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Interest paid on futures and overdrafts	–	1

8. Taxation

(a) Analysis of tax charge for the period

	Year ended 31 March 2023			Nine months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Taxation	–	–	–	–	–	–

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

(b) Factors affecting tax charge for the period

	Year ended 31 March 2023			Nine months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	(639)	2,655	2,016	(577)	(2,647)	(3,224)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax for the period of 19.0% (period ended 31 March 2022: 19.0%)	(121)	504	383	(110)	(503)	(613)
Effects of:						
Capital (gains)/losses on investments	–	(569)	(569)	–	368	368
Income not chargeable to corporation tax	(71)	–	(71)	(46)	–	(46)
Expenses not deductible for corporation tax purposes	–	1	1	–	(1)	(1)
Unrelieved management expenses	192	64	256	156	136	292
Taxation for the period	–	–	–	–	–	–

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £983,000 (2022: £646,000) based on a prospective corporation tax rate of 25% (period ended 31 March 2022: 25%). The main rate of corporation tax has increased to 25% for the fiscal year beginning on 1 April 2023. This deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

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

9. Dividends

The Company has reported a revenue loss after taxation of £639,000 (period ended 31 March 2022: £577,000) for the year and accordingly there is no requirement to pay a dividend under Section 1158 of the Corporation Tax Act 2010.

Notes to the Accounts

10. Return/(loss) per share

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Revenue loss	(639)	(577)
Capital return/(loss)	2,655	(2,647)
Total return/(loss)	2,016	(3,224)
Weighted average number of shares in issue during the year	74,376,633	75,000,000
Revenue loss per share	(0.86)p	(0.77)p
Capital return/(loss) per share	3.57p	(3.53)p
Total return/(loss) per share	2.71p	(4.30)p

11. Investments held at fair value through profit or loss

(a) Movement in investments

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Opening book cost	59,200	57,839
Opening investment holding gains	5,491	6,670
Opening fair value	64,691	64,509
Purchases at cost	19,840	7,285
Sales proceeds	(13,601)	(5,650)
Gains/(losses) on investments held at fair value through profit or loss	3,198	(1,453)
Closing fair value	74,128	64,691
Closing book cost	66,328	59,200
Closing investment holding gains	7,800	5,491
Closing fair value	74,128	64,691

Notes to the Accounts

(b) Material revaluations of unquoted investments

Year ended 31 March 2023

Investment	Opening valuation at 31 March 2022 £'000	Purchases £'000	Sales £'000	Revaluation £'000	Closing valuation at 31 March 2023 £'000
Rapyd Financial Network	8,565	–	–	(166)	8,399
Cera EHP S.à r.l.	4,509	407	–	2,070	6,986
Mintec	–	6,304	–	2,310	8,614
Pirum Systems	–	5,752	–	335	6,087
Culligan (formerly Waterlogic)	6,045	38	(2,384)	1,354	5,053
EasyPark	2,775	30	–	1,687	4,492
CFC Underwriting	–	2,610	–	1,488	4,098
Learning Curve	2,336	8	–	111	2,455
Graphcore	3,178	–	–	(1,400)	1,778
	27,408	15,149	(2,384)	7,789	47,962

Nine months ended 31 March 2022

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

(c) Material disposals of unquoted investments

Year ended 31 March 2023

Investment	Opening book cost at 31 March 2022 £'000	Opening valuation at 31 March 2022 £'000	Sales £'000	Realised gain £'000
Culligan (formerly Waterlogic)	1,897	2,372	(2,384)	487

The above represents a part disposal, following the Waterlogic/Culligen business combination.

There were no disposals of unquoted investments in the nine months ended 31 March 2022.

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Notes to the Accounts

(d) Transaction costs

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

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
On acquisitions		
Stamp duty and brokerage commission	**18**	15
Legal fees	**4**	(1)
On disposals		
Brokerage commission	**5**	3
	27	17

12. Current assets

Debtors

	31 March 2023 £'000	31 March 2022 £'000
Dividends and interest receivable	**133**	88
Other debtors	**18**	27
	151	115

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

Cash at bank and in hand

The carrying amount of cash, amounting to £7,759,000 (2022: £15,452,000), represents its fair value.

13. Current liabilities

Creditors: amounts falling due within one year

	31 March 2023 £'000	31 March 2022 £'000
Other creditors and accruals	**1,056**	1,039[1]
Performance fee payable	**487**	–
	1,543	1,039

[1]Other creditors and accruals at 31 March 2022 were previously reported as £2,155,000. The 31 March 2022 balance has been restated to £1,039,000 because performance fees of £1,116.000 could not have fallen due within one year, under any circumstances. Therefore they have been reclassified as creditors: amounts falling due after more than one year.

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

14. Called-up share capital

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

	31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Ordinary Shares allotted, called up and fully paid:		
75,000,000 shares of 1p each:	750	750
Repurchase of 1,100,000 (2022: nil) shares into treasury	(11)	–
Subtotal of 73,900,000 (2022: 75,000,000) shares	739	750
1,100,000 (2022: nil) shares held in treasury	11	–
Closing balance[1]	750	750

[1]Represents 75,000,000 (2022: 75,000,000) shares of 1p each, including 1,100,000 (2022: nil) held in treasury.

During the year, the Company repurchased 1,100,000 of its own shares, nominal value £11,000, to hold in treasury, representing 1.5% of the shares outstanding at the beginning of the year. The total consideration paid for these shares amounted to £808,000. The reason for these purchases was to seek to manage the volatility of the share price discount to NAV per share.

15. Reserves

Year ended 31 March 2023

	Capital reserves			
	Special reserve[1] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
At 31 March 2022	72,765	319	5,279	(1,010)
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	1,216	–	–
Net movement in investment holding gains and losses	–	–	1,982	–
Transfer on disposal of investments	–	(539)	539	–
Realised gains on foreign exchange balances	–	16	–	–
Repurchase of the Company's own shares into treasury	(808)	–	–	–
Performance fee allocated to capital	–	(555)	–	–
Transaction costs	–	(4)	–	–
Retained revenue for the period	–	–	–	(639)
At 31 March 2023	71,957	453	7,800	(1,649)

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Nine months ended 31 March 2023

	Capital reserves			
	Special reserve[1] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
At 30 June 2021	**72,765**	**1,787**	**6,458**	**(433)**
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	(584)	–	–
Net movement in investment holding gains and losses	–	–	(869)	–
Transfer on disposal of investments	–	310	(310)	–
Realised losses on derivatives	–	(481)	–	–
Performance fee allocated to capital	–	(714)	–	–
Transaction costs	–	1	–	–
Retained revenue for the period	–	–	–	(577)
At 31 March 2022	**72,765**	**319**	**5,279**	**(1,010)**

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

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

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

[3]This reserve may include some holding gains/(losses) on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

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

16. Net asset value per share

	31 March 2023 £'000	31 March 2022 £'000
Net assets attributable to shareholders (£'000)	79,311	78,103
Shares in issue at the year end	73,900,000	75,000,000
Net asset value per share	107.32p	104.14p

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

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Net return/(loss) before taxation	2,016	(3,224)
Less capital (return)/loss before taxation	(2,655)	2,647
Decrease in prepayments and accrued income	(45)	(65)
Decrease/(increase) in other debtors	9	(11)
Increase in creditors and performance fee payable	572	1,186
Performance fee and transaction costs allocated to capital	(559)	(713)
Net cash outflow from operating activities	(662)	(180)

18. Uncalled capital commitments

At 31 March 2023, the Company had uncalled capital commitments amounting to £5,476,000 (31 March 2022: £7,869,000) in respect of follow-on investments, which may be called by investee companies, subject to their achievement of certain milestones and objectives.

19. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager Agreement, the Manager is entitled to receive a management fee, a company secretarial and administrative fee, and a performance fee. Details of the bases of these calculations are given in the Directors' Report on page 40.

The management fee payable in respect of the year ended 31 March 2023 amounted to £458,000 (period ended 31 March 2022: £372,000), and £458,000 (31 March 2022: £650,000) was outstanding at the year/period end. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee. There have been no such investments during the year (period ended 31 March 2022: nil).

A performance fee provision amounting to £555,000 (period ended 31 March 2022: £714,000) has been included in these accounts. An amount of £487,000 is immediately payable and has been included in these accounts as a creditor falling due within one year. The remaining balance of £1,184,000 (31 March 2022: £1,116,000) is carried forward until such time as it may be paid under the terms of the AIFM Agreement.

The company secretarial and administrative fee payable for the year amounted to £180,000 (period ended 31 March 2022: £135,000). Company secretarial and administration fees amounting to £420,000 (31 March 2022: £240,000) were outstanding at the year end.

No Director of the Company served as a Director of any company within the Schroder Group at any time during the year.

20. Related party transactions

Details of the remuneration payable to Directors are given in the Directors' Remuneration Report on page 49 and details of Directors' shareholdings are given in the Directors' Remuneration Report on page 51. Details of transactions with the Manager are given in note 19 above. There have been no other transactions with related parties during the year (period ended 31 March 2022: nil).

21. Disclosures regarding financial instruments measured at fair value

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

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 are given in note 2(c) on pages 65 and 66. Level 3 investments have been valued in accordance with note 2(c) (ii) – (v).

The Company's unquoted investments at 31 March 2023 were valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital guidelines (IPEV). For investments held directly or via an intermediary vehicle, the Company has established its own estimate utilising widely accepted valuation methods.

The determination of fair value by the Manager involves key assumptions dependent upon the valuation technique used. The Company uses the following techniques, which are all consistent with the IPEV Guidelines. The primary technique is the "Multiples" approach. This involves subjective inputs and therefore presents a greater risk of over or under estimation, particularly in the absence of a recent transaction. The key assumption in the Multiples approach is that the selection of comparable companies provides a reasonable basis for identifying the relationship between enterprise value and revenue to apply in the determination of fair value. Typically between 5 and 10 comparable companies will be selected for each investment depending on how many relevant comparable companies are identified. The resultant revenue or earnings multiples derived will vary depending on how many relevant comparable companies are identified and the industries they operate in and vary in the range of 2.4 times to 33.5 times (based on various enterprise valuation metrics). The price of a recent investment may also be used as an appropriate calibration for estimating fair value. Other judgements and assumptions may include: discounts applied due to reduced liquidity; probabilities assigned to potential exit via sale or IPO; and judgements relating to the achievement of performance targets and milestones.

Valuation techniques include the following, along with the associated range of inputs where relevant, and the total amount valued using each method.

	Multiple range	Value £'000
Revenue multiple	2.4 to 12.1	19,877
EBITDA multiple	9.0 to 33.5	26,307
Black-Scholes-Merton-Model	N/A	1,778
		47,962

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

At 31 March 2023, the Company's investment portfolio was categorised as follows:

		2023		
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	**26,166**	**–**	**–**	**26,166**
– unquoted	**–**	**–**	**47,962**	**47,962**
Total	**26,166**	**–**	**47,962**	**74,128**

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

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

There have been no transfers between Levels 1, 2 or 3 during the year (period ended 31 March 2022: nil).

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

	Year ended 31 March 2023 £'000	Nine months ended 31 March 2022 £'000
Opening fair value of Level 3 Investments	**27,408**	20,730
Purchases at cost	**15,149**	226
Sales proceeds	**(2,384)**	–
Net gains on investments	**7,789**	6,452
Closing fair value of Level 3 investments	**47,962**	27,408
Closing book cost	**30,803**	17,551
Closing investment holding gains	**17,159**	9,857
Closing fair value of Level 3 investments	**47,962**	27,408

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

The Company's objectives are set out on the inside front cover of this report. In pursuing these objectives, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board has oversight of the Company's risk management policy. The Company has no significant exposure to foreign exchange risk on monetary items.

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

- investments in shares of quoted and unquoted companies which are held in accordance with the Company's investment objective;
- short-term debtors, creditors and cash arising directly from its operations;
- bank loans or overdrafts for investment purposes and for efficient portfolio management; and
- derivatives used for investment purposes, efficient portfolio management or currency hedging.

(a) Market risk

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

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash balances and the interest payable on any loans or overdrafts when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company may borrow from time to time, but gearing will not exceed 10 per cent of net asset value at the time of drawing. Gearing is defined as borrowings less cash, expressed as a percentage of net assets. However, the Company has not used any loans or overdrafts during the year (2022: nil).

Interest rate exposure

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

	31 March 2023 £'000	31 March 2022 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	7,759	15,452

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

Notes to the Accounts

Interest rate sensitivity

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

	31 March 2023		31 March 2022	
	0.25% increase in rate £'000	0.25% decrease in rate £'000	0.25% increase in rate £'000	0.25% decrease in rate £'000
Income statement – return after taxation				
Revenue return	19	(19)	39	(39)
Capital return	–	–	–	–
Total return after taxation	19	(19)	39	(39)
Net assets	19	(19)	39	(39)

(ii) Other price risk

Other price risk includes changes in market prices which may affect the value of investments.

Management of other price risk

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

Market price risk exposure

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

	31 March 2023 £'000	31 March 2022 £'000
Investments held at fair value through profit or loss	74,128	64,691

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. In addition, the Company's holds 9 (31 March 2022: 6) investments amounting to approximately £45.0 million (31 March 2022: £27.4 million), or 58.8% (31 March 2022: 35.1%) of NAV, whose valuation is deemed to be potentially volatile, due to the valuation techniques which have sensitive inputs.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through equity investments and includes the impact on the management fee and performance fee, but assumes that all other variables are held constant.

Notes to the Accounts

	31 March 2023		31 March 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	(89)	89	(78)	78
Capital return	14,826	(14,826)	12,938	(12,938)
Total return after taxation and net assets	14,737	(14,737)	12,860	(12,860)
Percentage change in net asset value	18.6%	(18.6%)	16.5%	(16.5%)

(b) Liquidity risk

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

Management of the risk

At the year end, the Company's assets included quoted "public equity investments" amounting to £26,166,000 (31 March 2022: £37,283,000), which can be sold to meet ongoing funding requirements. Additionally, the Company had less liquid, "private equity investments" amounting to £45,027,000 (31 March 2022: £27,408,000) and cash balances amounting to £7,759,000 (31 March 2022: £15,452,000).

Liquidity risk exposure

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

	31 March 2023			31 March 2022		
	Three months or less £'000	More than one year £'000	Total £'000	Three months or less £'000	More than one year £'000	Total £'000
Creditors: amounts falling due within one year						
Other creditors and accruals	1,543	1,184	2,727	1,039	1,116	2,155

(c) Credit risk

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

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

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

Cash

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

Exposure to the Custodian

The Custodian of the Company's assets is HSBC Bank plc which has long-term Credit Ratings of AA- with Fitch and 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 statement of financial position under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the year end. No debtors are past their due date and none have been provided for.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the statement of financial position at fair value, or at a reasonable approximation of fair value.

23. Capital management policies and procedures

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

The Company's capital structure comprises the following:

	31 March 2023 £'000	31 March 2022 £'000
Equity		
Called-up share capital	**750**	750
Reserves	**78,561**	77,353
Total equity	**79,311**	78,103

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

– the possible use of gearing, which will take into account the Manager's views on the market;

– the potential benefit of repurchasing the Company's own shares for cancellation or holding in treasury, which will take into account the share price discount;

– the opportunity for issue of new shares; and

– any dividend to be paid, in excess of that which is required to be distributed.

24. Events after the accounting date which have not been reflected in the accounts

A performance fee amounting to £487,000 payable to the Manager, in relation to the partial disposal of Waterlogic, is included in the Statement of Financial Position within creditors falling due within one year. However since the year end, the Board has accepted Schroders' offer to disregard the Payment Amount, which would have triggered a performance fee pay-out in the year ending 31 March 2024. This agreement will have the effect of moving this performance fee into creditors falling due after more than one year in the Statement of Financial Position. Schroders considers this concession to be appropriate due to the disappointing performance of the share price versus the net asset value.

Notes to the Accounts

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

Holding	Description of its business	Class of shares held	Cost of the investment £'000	Fair value at 31 March 2023 £'000	Fair value at 31 March 2022 £'000	Total income received in the year £'000
Mintec	Provides market intelligence, commodity prices and price forecasts across the agri-food supply chain	Ordinary	6,305	8,614	Not held	–
Rapyd Financial Network	Global Fintech company	Ordinary	3,297	8,399	8,565	–
Cera EHP S à r l	Provides home care services for elderly people	Ordinary	3,399	6,986	4,509	–
Pirum Systems	Provides a secure processing hub which seamlessly links market participants together, allowing them to electronically process and verify key transaction details	Ordinary	5,752	6,087	Not held	–
Culligan (formerly Waterlogic)	Global provider of purified drinking water dispensers	Ordinary	2,623	5,053[1]	6,045	–
EasyPark	Digital parking, electrical vehicle charging and mobility services	Ordinary	1,996	4,492	2,775	–
CFC Underwriting	Specialist in insurance for cyber security and tech insurance for IT consultants	Ordinary	2,610	4,098	Not held	–
Learning Curve	Provider of training and education services for adults	Ordinary	2,188	2,455	2,336	–

[1]Net of a £2,384,000 distribution received during the year, following the Waterlogic/Culligan business combination.

The Company has not included certain disclosures required by paragraph 82(c) of the SORP. In particular, turnover, pre-tax profit and attributable net assets, because it is not publicly available.

Annual General Meeting – Recommendations

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

Notice of Annual General Meeting (AGM)

Notice is hereby given that the Annual General Meeting ("AGM") of the Company will be held on Wednesday 27 September 2023 at 1.00 p.m. The formal Notice of Meeting is set out on page 83.

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

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 concerns the Directors' Report on Remuneration, on pages 49 to 51. Resolution 3 concerns the authorisation of the Directors to determine that no final dividend for the year ended 31 March 2023 will be paid. Resolutions 4 to 6 invite shareholders to re-elect each of the Directors for another financial reporting period, following the recommendations of the nomination committee, set out on page 48 (their biographies are set out on page 38). Resolutions 7 and 8 concern the re-appointment and remuneration of the Company's auditor, discussed in the audit and risk committee report on pages 43 to 45.

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 treasury shares and unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £73,900 (being 10% of the issued share capital (excluding any shares held in treasury) as at 5 July 2023).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £73,900 (being 10% of the issued share capital as at 5 July 2023) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non preemptive basis, pursuant to this authority other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2024 unless renewed, varied or revoked earlier.

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

On 5 September 2022, a special resolution was passed to give the Company authority to make market purchases of up to 14.99% of the ordinary shares. 454,892 shares were bought back under this authority.

The Directors will continue to monitor the level of the discount and consider the merits of further buybacks, which should be accretive in nature when discounts are wide. However, any decision to buy back shares will be influenced by such factors as: market conditions; the small size of the Company; the illiquid nature of the private equity holdings; the need to retain cash for investment opportunities; and the level of the Company's borrowing, if any. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at 5 July 2023 (excluding treasury shares). The Directors will continue to monitor the level. The Directors consider that any purchase would be for the benefit of the Company and its shareholders. Any shares so purchased would be cancelled or held in treasury for potential reissue.

If renewed, this authority will lapse at the conclusion of the AGM in 2024 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 will be effective until the Company's next AGM to be held in 2024. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder British Opportunities Trust plc will be held on Wednesday 27 September 2023 at 1.00 p.m. 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 March 2023.
2. To approve the Directors' Report on Remuneration for the year ended 31 March 2023.
3. To authorise the Directors to determine that no final dividend for the year ended 31 March 2023 will be paid.
4. To approve the re-election of Neil England as a Director of the Company.
5. To approve the re-election of Diana Dyer Bartlett as a Director of the Company.
6. To approve the re-election of Tim Jenkinson as a Director of the Company.
7. To 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 addition to all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £73,900 (being 10% of the issued ordinary share capital, excluding treasury shares, at 5 July 2023) 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 2024, 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 £73,900, (representing 10% of the aggregate nominal amount of the share capital in issue, excluding treasury shares at 5 July 2023); 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 11,077,610, representing 14.99% of the Company's issued ordinary share capital as at 5 July 2023 (excluding treasury shares);

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

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

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

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

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2024 (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."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

5 July 2023

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

Registered Number: 12892325

Explanatory Notes to the Notice of Meeting

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

   A proxy form is attached. Shareholders are encouraged to appoint the Chairman as proxy. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on +44 (0) 800 032 0641. (If calling from outside of the UK, please ensure the country code is used), or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

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

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 1:00 p.m. on 25 September 2023. If you have any difficulties with online voting, you should contact the shareholder helpline on +44 (0) 800 032 0641. If calling from outside of the UK, please ensure the country code is used.

   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 25 September 2023, 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 25 September 2023 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.

Explanatory Notes to the Notice of Meeting

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 are set out on page 38 of the Company's report and accounts for the year ended 31 March 2023.

7. As at 5 July 2023, 75,000,000 ordinary shares of 1 pence each were in issue (1,100,000 were held in treasury). Therefore the total number of voting rights of the Company as at 5 July 2023 was 73,900,000.

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

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

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

    (a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or

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

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

Definitions of Terms and Performance Measures

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. 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.

Investment policy*

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

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

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

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

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

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

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

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

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

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

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

*The full policy can be found on the Company's website.

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

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

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

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

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

Net asset value ("NAV") per share

The NAV per share of 107.32p (31 March 2022: 104.14p) represents the net assets attributable to equity shareholders of £79,311,000 (31 March 2022: £78,103,000) divided by the 73,900,000 (31 March 2022: 75,000,000) shares in issue at the year end.

Discount/premium**

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. 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 36.2% (31 March 2022: 19.3%), as the closing share price at 68.5p (31 March 2022: 84.0p) was 36.2% (31 March 2022: 19.3%) lower than the closing NAV of 107.32p (31 March 2022: 104.14p).

Gearing/(net cash)**

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

Definitions of Terms and Performance Measures

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

	31 March 2023 £'000	31 March 2022 £'000
Borrowings used for investment purposes, less cash	(7,759)	(15,452)
Net assets	79,311	78,103
Net cash	(9.8)%	(19.8)%

Ongoing Charges**

The Ongoing Charges ("OGC") 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 total annualised operating expenses payable including any management fee, but excluding any finance costs transaction costs and performance fee provision, expressed as a percentage of the average daily net asset values during the year. For the year ended 31 March 2023, operating expenses amounted to £1,108,000 (period ended 31 March 2022: £872,000, giving £1,126,000 when adjusted to an annualised figure). This produces an OGC figure of 1.47% (period ended 31 March 2022: 1.39%), when expressed as a percentage of the average daily net asset values during the year of £75.3 million (period ended 31 March 2022: £80.8 million).

Leverage**

For the purpose of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as the ratio of the Company's exposure to its net asset value and is required to be calculated both on a "Gross" and a "Commitment" method. Under the Gross method, exposure represents the sum of the absolute values of all positions, so as to give an indication of overall exposure. Under the Commitment method, exposure is calculated in a similar way, but after netting off hedges which satisfy certain strict criteria.

**Alternative performance Measures ("APMs").

Shareholder Information

Webpages and share price information

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

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

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

Association of Investment Companies

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

ISA status

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

Non-Mainstream Pooled Investments Status

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

Financial calendar

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

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

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

Leverage

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

Leverage exposure	Maximum ratio	Actual ratio
Gross method	250.0%	103.4%
Commitment method	200.0%	93.5%

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

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

Complaints

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

www.schroders.com/sbo

Directors

Neil England (Chairman)
Diana Dyer Bartlett
Tim Jenkinson

Advisers

Alternative Investment Fund Manager (the "Manager")

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

Portfolio Managers

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

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

Company Secretary

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

Registered Office

1 London Wall Place
London EC2Y 5AU

Depositary and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Corporate Broker

Peel Hunt LLP
100 Liverpool Street
London EC2MY 2AT

Independent Auditors

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

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: +44 (0) 800 032 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 above address and telephone number above.

Shareholder enquiries

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

Dealing Codes

ISIN:	GB00BN7JZR28
SEDOL:	BN7JZR2
Ticker:	SBO

Global Intermediary Identification Number (GIIN)

QML9TQ.99999.SL.826

Legal Entity Identifier (LEI)

5493003UY8LIHFW6HM02

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

Schroders