

Schroders Capital Global Innovation Trust plc



Half Year Report
For the six months ended 30 June 2024

Schroders

Performance Summary

Net asset value ("NAV") per share
total return*

-17.1%

(Year ended 31 December 2023: -11.2%)

Share price total return*

-18.8%

(Year ended 31 December 2023: -5.3%)

NAV per share

20.99p

(Year ended 31 December 2023: 25.32p)

Some of the financial measures are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on pages 30 and 31 together with supporting calculations and sources where appropriate.

Investment objective

The investment objective of Schroders Capital Global Innovation Trust plc (the "Company") is to achieve long-term capital growth through investing in a diversified global portfolio of private and public equity companies.

Investment Policy

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

The portfolio composition at any one time will reflect the opportunities available to the portfolio manager, the performance of the underlying investee companies and the maturity of the portfolio. The Company's portfolio will typically consist of 30-80 holdings. The Company may become a significant shareholder in any of the underlying investee companies. While the intention is for each underlying investee company to represent not less than 20 per cent of the Company over the longterm, the actual exposure may vary from time to time reflecting the maturity of the portfolio and market environment at that time.

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



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Schrodgers Capital Global
Innovation Trust plc

Ongoing charges ratio*

1.09%

(Year ended 31 December 2023: 1.08%)

Share price

11.90p

(Year ended 31 December 2023: 14.65p)

Revenue return per share

-0.12p

(Year ended 31 December 2023: -0.20p)

Share price discount
to NAV per share***43.3%**

(Year ended 31 December 2023: 42.1%)

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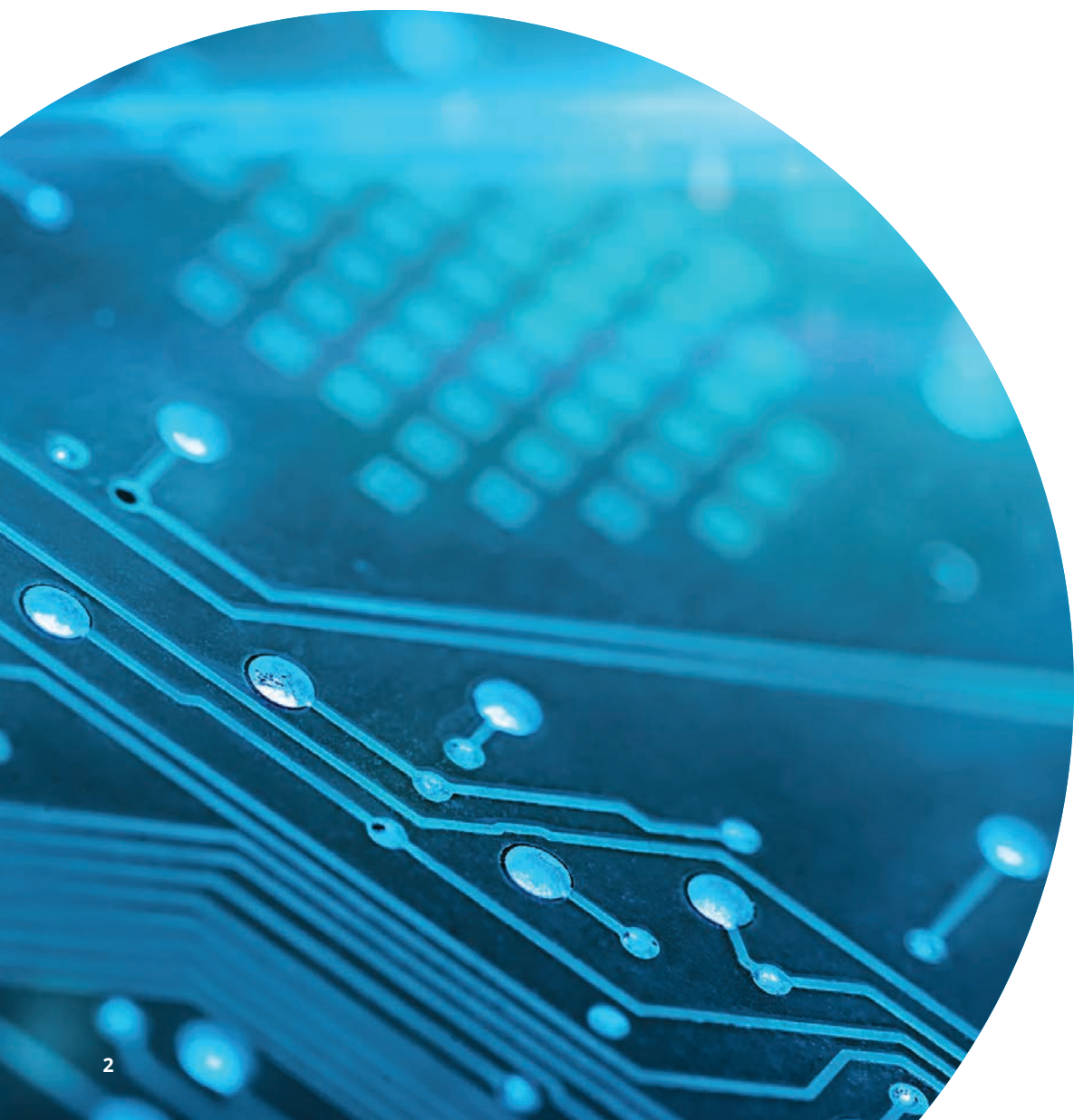
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This is not a sustainable product for the purposes of the Financial Conduct Authority ("FCA") rules.

References to the consideration of sustainability factors and ESG integration should not be construed as a representation that the Company seeks to achieve any particular sustainability outcome.





Interim Management Report

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The recent performance has made it important for the Board and the Manager to work closely and constructively to ensure that the Company has the platform and the foundations to meet the expectations of our shareholders.



Performance and valuation

During the six-month period to 30 June 2024, the NAV per share decreased by 17.1% from 25.32p per share to 20.99p per share; the share price decreased by 18.8% from 14.65p to 11.90p; and the share price discount to NAV per share widened from 42.1% to 43.3%.

Whilst this performance is clearly disappointing, the Investment Manager has continued to execute the Company's strategy as agreed with the Board and we have continued to implement our capital discipline policy. Your Board is conscious of the Company's continuation vote in 2025 and is continuing to work with the Manager on the Company's long-term strategy so it will have long-term appeal to our shareholders. The Company's strategy remains as follows:

- Stay close to the portfolio and work with portfolio management teams, co-investors, and other stakeholders to support business growth and a path to profitability
- Rebalance the portfolio ensuring the appropriate liquidity (cash and liquid public equities) to execute efficiently the buyback programme and support the portfolio
- Maximise the sale proceeds from holdings, both public and private, as part of the rebalancing exercise
- Complete new investments that align with our strategy

The Company's portfolio has had another challenging period. During the period, the Investment Manager has continued to monitor progress across the various investments, and has actively engaged with their management teams. Good progress has been made by a number of the companies including Atom Bank, Revolut, Nexeon and Carmot Therapeutics. However, this progress has not been universal across the portfolio and other portfolio companies faced challenges over the period, which has led to the Company's negative performance overall.

The main detractors to performance over the first half of the year included the public equity holdings in the DNA sequencing company

Oxford Nanopore Technologies and, despite significant financial and product developments, Autolus Therapeutics. In the Company's private equity holdings, Ocuterra and Reaction Engines both contributed negatively to the performance over the period.

The Investment Manager has continued to reposition the portfolio to align with the long-term investment strategy focused on private equity, has executed the Company's capital discipline approach, and has made two new investments into companies in the life sciences and growth segments of the portfolio (further details in the Investment Manager's Review).

The recent performance has made it important for the Board and the Manager to work closely and constructively to ensure that the Company has the platform and the foundations to meet the expectations of our shareholders. More details on performance, valuation and portfolio activity can be found in the Investment Manager's Review.

Capital discipline and share repurchases

As noted in the annual report and financial statements for the year ended 31 December 2023, the Board has restated its intention to repurchase shares equal to at least 5% of the Company's issued share capital in each of the calendar years 2023 and 2024, and in addition such number of shares in order to ensure that over the period to the 2025 Annual General Meeting ("AGM"), the Company has undertaken share repurchases in an amount equating to 25% of all net cash realisations from the portfolio inherited from the previous portfolio manager. As of 26 September 2024, the Company had repurchased 35,000,000 shares for cancellation. No shares are held in treasury. Accordingly, the total number of voting rights in the Company as of 26 September 2024 was 822,360,026.

Continuation vote

In accordance with the Company's Articles of Association, shareholders will have the opportunity to vote on the continuation of the Company at its AGM in 2025 and every five years thereafter.

Board succession

Scott Brown retired from the Board at the AGM in May 2024 having served on the Board since 2015. Following his departure, the Board continues to review its composition and as stated in the Annual Report, have agreed to continue with the composition of four Directors for the time being.

Results webinar

Please join the Investment Manager for a webinar in which they will report on the half year ended 30 June 2024 and outline their thoughts on the future direction of the portfolio. The presentation will be followed by a live Q&A session. The webinar will take place on Tuesday 1 October 2024 at 9.00a.m. Register for the event at <https://www.schroders.events/INOVHY24> or via the QR code below:



Outlook

As of 30 June 2024, the Company had £4.8 million in cash, £25.2 million in money market funds and a further £14.8 million invested in public equity investments, which will be utilised to meet the funding requirements of the existing portfolio, execute the buyback programme, and selectively target new investments in innovative venture, growth and life sciences companies.

Despite the difficult performance during the first half of the year, the Investment Manager continues to remain focused on executing the Company's key priorities, which include rebalancing the portfolio and maximising sales proceeds from positions being exited, in order to create for shareholders a portfolio of attractive global companies with reasonable prospects of sustained growth over the long-term.

Tim Edwards

Chair

27 September 2024

Investment Manager's Review



Tim Creed



Harry Raikes



Despite several headwinds, we have continued to make progress in delivering the share buyback, shifting the portfolio to focus on private equity, and investing in exciting new opportunities across venture, growth and life sciences.



Summary

- The Company reported a NAV of 20.99p per share as of 30 June 2024, a decrease of 17.1% relative to the NAV per share as of 31 December 2023 (25.32p) and 8.1% relative to the NAV per share as of 31 March 2024 (22.82p).¹
- Performance over the first quarter was impacted by news, which was previously disclosed in the Company's annual report and financial statements for the year ended 31 December 2023, that OcuTerra's phase II diabetic retinopathy trial failed to meet its endpoints. This subsequently resulted in the position being valued to zero.
- Performance in the second quarter was further impacted by a downwards revaluation to Reaction Engines, an Oxfordshire-based firm developing innovative thermal management solutions for aerospace and other industries, following news of slower than anticipated revenue growth which would require further financing and time to become cash positive.
- Meanwhile, the share price of listed DNA sequencing company Oxford Nanopore Technologies declined 54.9% during the period following weaker performance than previously guided by management.
- The Company made total realisations of £25.6 million, including the sale of Carmot Therapeutics to Roche, the full exit of Immunocore, further sales of Oxford Nanopore Technologies, and the first milestone payment following the sale of Kymab to Sanofi.
- Two new investments were completed: Neurona Therapeutics, a clinical-stage biopharmaceutical company focusing on therapies for chronic neurological disorders, and "AI Company II" (actual name not disclosed), a privately held company that provides high-quality data curation services for generative AI models and application developers.
- As of 30 June 2024, the Company had £4.8 million in cash, £25.2 million in money market funds² and £14.8 million in public equity investments³ to meet the funding requirements of the existing portfolio, execute the buy-back programme⁴, and selectively target new investments in innovative venture, growth and life sciences companies.

¹Source: Schroders.

²A money market fund is a type of mutual fund that invests in short-term, high-quality debt instruments, offering high liquidity, making it suitable for preserving capital and accessing cash easily.

³Excluding BenevolentAI, which is fair value, priced by the AIFM.

⁴A buy-back is a company's purchase of its outstanding stock shares. It increases the proportion of earnings that each share is worth. This stock price will rise if the same price to earnings (P/E) ratio is maintained.

Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

This document may contain "forward-looking" information, such as forecasts or projections. Please note that any such information is not a guarantee of any future performance and there is no assurance that any forecast or projection will be realised.

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Introduction

Progress made in the first half of 2024

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

1. Stay close to the portfolio and work with portfolio management teams, co-investors, and other stakeholders to support business growth and a path to profitability

32.2%

average sales growth for growth portfolio companies⁵

As Investment Manager, we monitor progress across the portfolio, and where our relationship allows, engage with the management teams to help support strategic planning, with specific examples provided regularly in our annual report. During the first half of 2024, despite the challenges faced by individual companies, several portfolio companies made good progress on various fronts:

- Atom Bank published its full year 2024 annual report for the year ending 31 March 2024 detailing 32% growth in net interest income (from £76 million to £100 million) and 575% growth in operating profit (from £4 million to £27 million).
- Bluewater Bio, the largest holding in the HP Environmental technologies Fund, announced a significant new upgrade project of the North Sitra wastewater treatment works in the Kingdom of Bahrain valued at £33 million.
- Revolut released its annual report for the year ending 31 December 2023 detailing 46% customer growth (from 26 million to 38 million), 95% group revenue growth (from £0.9 billion to £1.8 billion) and a profit before tax of £438 million.
- Nexeon announced the start of construction for its first commercial-scale plant to deliver silicon anode material starting in 2025, fulfilling the previously announced binding supply agreement with Panasonic.
- Genomics announced: (1) A new £35 million funding round led by existing investors F-Prime Capital and Foresite Capital, including new investors Infinity Investment Partners and US life insurer MassMutual, and (2) A precision medicine collaboration with GSK to assess polygenic risk scores in clinical trial design.
- Carmot Therapeutics announced its acquisition by Roche at a purchase price of \$2.7 billion.

Several portfolio companies that faced challenges include:

- Oxford Nanopore Technologies saw its share price fall by –54.9% following revenue growth and profitability below management guidance and the renegotiation of a key customer contract.
- Despite steps to commercialise its technology, revenue growth at Reaction Engines has been slower than management anticipated, with the company requiring further investment and time to become cash positive.

- OcuTerra Therapeutics' phase II diabetic retinopathy trial failed to meet its endpoints.
- Despite significant financial and product developments at Autolus Therapeutics, the company's share price decreased by 49.1% over the period.

Meanwhile, as outlined for the first time in the annual report, we have provided below our assessment of the overall portfolio funding risk. The table breaks down equity investments over the relevant period by which portfolio companies are required to raise further capital or risk failure.

As of 30 June 2024, 67% of equity investments (by value) were either profitable, fully funded, with no need to raise further capital, or funded beyond 2025. This also indicates that 8% of equity investments (by value) will need to raise additional capital during 2024 and 25% during 2025.

Assessment of portfolio funding risk

Year company is required to raise further funding	% of equities	
	31 December 2023	30 June 2024
2024	12.0%	8.1%
2025	21.5%	24.9%
2026+	31.7%	17.8%
Unprofitable (fully funded)	5.9%	8.0%
Profitable (incl. milestones)	28.9%	41.2%
Total equities	100.0%	100.0%

Source: Schroders, 2024. These figures represent forecasts and may not be realised.

Information herein is believed to be reliable, but Schroders does not warrant its completeness or accuracy.

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

£30

million in cash and money market funds as of 30 June 2024

We continued altering the liquidity mix to ensure the Company is appropriately positioned to execute efficiently the buyback programme and support the portfolio. The Company continued its buyback programme buying back £3.6 million worth of shares.

As of 30 June 2024, the Company had £4.8 million in cash (December 2023: £2.9 million), £25.2 million in money market funds and £14.8 million in liquid public equity investments, which we believe to be sufficient to continue successfully the buyback programme in 2024, meet the funding requirements of the existing portfolio and selectively target new investments.

⁵As at 30 June 2024, the weighted average sales growth over the last 12 months or most recently available data for all growth investments valued using a market-based approach, and excluded HP Environmental Technologies Fund as well as Federated Wireless. Growth companies are companies that are younger in their lifecycle.

Investment Manager’s Review continued

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

£25.6

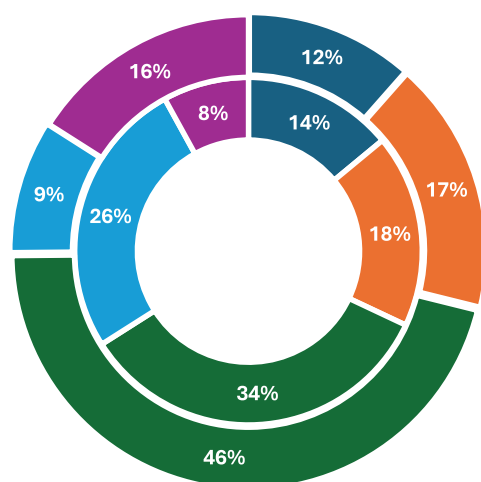
million in distributions received over the six months to 30 June 2024

During 2024, we have continued to explore sales options for several holdings in the portfolio. We reduced the exposure to certain public holdings with the goal to position the portfolio to align better with the focus on private equity. To this end, the Company realised £25.6 million over the six months to 30 June 2024, exiting public equity holdings in Immunocore and significantly reducing the holding in Oxford Nanopore Technologies.

In addition, previously announced private exits, including Carmot (acquired by Roche), as well as Kymab (acquired by Sanofi) have further strengthened the liquidity position of the Company.

% of total investments by strategy:

inner ring = 31 December 2023, outer ring = 30 June 2024



■ Life Sciences ■ Venture ■ Growth
■ Public Equity ■ Cash, cash equivalents and other assets/ liabilities

Any reference to regions/ countries/ sectors/ stocks/ securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Source: Schroders, 2024.

4. Complete new investments that align with our new strategy

2

New investments completed over the six months to 30 June 2024

While ensuring the Company was in a position to execute successfully the buyback programme, we simultaneously made good progress with new investments that align to our long-term investment strategy, making two new investments, Neurona Therapeutics, which fully aligns with our life sciences strategy, and “AI Company II”, a privately held company that provides high-quality data curation services for generative Artificial Intelligence (“AI”) models and application developers, which aligns to our growth strategy. The name of the company has not been disclosed due to confidentiality restrictions.

Economic and market backdrop

The macroeconomic backdrop has been mixed, driven by continued high interest rates, despite falling inflation. However, generally the economic environment continued to be resilient resulting in a mostly friendly economic environment.

In Europe, the macroeconomic environment improved overall with economic growth and a relatively tight labor market, even though the picture was more mixed for individual countries. China continues to have a challenging time with lower than expected growth, driven mainly by the deteriorating property market and resulting fall in consumer confidence. The US continued to defy expectations of a recession, even at higher interest rates, however the economy started to lose steam in the first half of the year. Globally, key concerns continued to be the lowering of interest rates by central banks as well as geopolitical tensions which includes both larger nations like the US and China, as well as the potential for a regional conflict in the Middle East.

Global equity markets enjoyed a generally positive environment in the first half of 2024, which followed the pattern of the market recovery that started in late 2023. Overall, it was largely technology stocks that benefitted the most from anticipated gains derived from the development of their AI capabilities.

Global venture capital activity continued to fall in the first half of 2024 with the number of deals declining by 24%, meaning that deal activity has dropped below levels seen prior to the COVID-19 pandemic. Deal making has shifted towards larger transactions with the average deal size being up 17% year to date (“YTD”). A key focus of all venture activity has been investments in AI which accounted for 28% of all capital raised. Key drivers of this were raises into companies like xAI, CoreWeave and Scale. In terms of geography, funding for new start-ups fell particularly in China, whilst other countries in Asia saw boosts to funding. In terms of exits, these have seen a slight decline versus the first half of 2024, with the US share of exits increasing to be on par with Europe.

Source for venture data: CB Insights, State of Venture Q2 2024 Report.

Financial performance

YTD 2024 performance

The Company's portfolio had a challenging half year period impacted by the performance of public equity holdings, Oxford Nanopore Technologies and Autolus Therapeutics, venture holding, Reaction Engines, and life science holding, OcuTerra Therapeutics.

The NAV as of 30 June 2024 was £174.2 million, a decrease of 19.8% compared with the NAV (£217.1 million) as of 31 December 2023. The NAV per share as of 30 June 2024 was 20.99p per share, a decrease of 17.1% compared with the NAV per share (25.32p) as of 31 December 2023.

The 19.8% decrease in NAV comprised:

- Public equity: -11.8%
- Private equity growth: +0.6%
- Private equity venture: -4.2%
- Private equity life sciences: -2.5%
- Money market funds: +0.3%
- Repurchase and cancellation of the Company's own shares: -1.7%
- Costs and other movements: -0.5%

Attribution analysis (£m)

	Private equity			Public equity	Money market funds	Cash and cash equivalents	Other	NAV
	Life sciences	Venture	Growth					
Value as at 31 December 2023	31.0	39.3	73.3	56.8	9.7	2.9	4.1	217.1
+ Investments	4.9	5.7	-	-	25.3	(35.9)	-	-
- Realisations at value	(10.5)	-	-	(15.1)	(10.5)	36.1	-	-
+/- Fair value gains/(losses)	(5.4)	(9.1)	1.2	(25.7)	0.7	-	-	(38.3)
+/- Reclassified holdings	-	-	-	-	-	-	-	-
- Repurchase and cancellation of the Company's own shares	-	-	-	-	-	(3.6)	-	(3.6)
+/- Costs and other movements	-	-	-	-	-	5.3	(6.3)	(1.0)
Value as at 30 June 2024	20.0	35.9	74.5	16.0¹	25.2	4.8	(2.2)	174.2

¹Including BenevolentAI.

Source: Schroders 2024.

Exchange rate changes may cause the value of investments to fall as well as rise.

Public equity holdings

The Company's public equity holdings saw a fair value loss of -45.2% of the opening fair value, contributing -11.8% to the overall -19.8% decrease in NAV over the six-month period.

A significant driver was the performance of Oxford Nanopore Technologies that fell by -54.9% over the reporting period. The company released a trading update in January preceding its annual results in March. The company grew Life Science Research Tools ("LSRT") revenue by 15% (from £147 million to £169 million), underlying LSRT revenue by 39% (from £108 million to £150 million), while extending its adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") losses (from £79 million to £105 million). These results fell short of analyst consensus estimates with management citing difficulties in the final quarter associated with U.S. semiconductor regulation in Asia and one-off customer delays. The company also announced changes to its commercial agreement with G42 Laboratories, a key customer delivering the Emirati Genome Programme, and reduced its medium-term growth and profitability guidance.

Despite significant financial and product developments at Autolus Therapeutics, the company's share price decreased by 49.1% over the period. In January the US Food and Drug Administration ("FDA") accepted the company's biologics license application for Obe-cel as a treatment for relapsed/refractory adult B-Cell acute lymphoblastic leukemia. Additionally in April, the European Medicines Agency announced the acceptance of a marketing authorization application for the same indication. In June, Autolus presented longer-term follow-up and additional data analysis of the FELIX study at the American Society of Clinical Oncology, where they highlighted that most patients who responded to Obe-cel showed durable responses, with a potential for long-term survival outcomes. Notably, 40% of patients remained in ongoing remission without undergoing subsequent stem cell transplantation or other intervention. The study also found that ongoing CAR T persistence was associated with improved event-free survival.

In February, Autolus reached an agreement with BioNTech to invest \$50 million under a license and option agreement. As part of this agreement, BioNTech will receive a mid-single digit royalty on net sales of Obe-cel and will have the option to access Autolus' infrastructure to accelerate the development of BNT211 in additional tumor types. BioNTech can also co-commercialise certain candidates in specific territories. Furthermore, BioNTech has been granted an exclusive license to use Autolus' proprietary binders and technology, which includes potential milestone payments and royalties on net sales if options are exercised. Another major development for Autolus occurred in February when the company raised \$350 million in a public offering, and BioNTech also agreed to invest an additional \$200 million in Autolus through a private placement resulting in \$550 million in total proceeds.

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Investment Manager's Review

continued

Growth holdings

The Company's growth holdings saw a fair value gain of 1.6% of the opening fair value, reducing the overall decrease in NAV by 0.6%.

Important contributors to this positive performance included Ada Health, Revolut and Agrostar. Revolut demonstrated strong continued growth, doubling revenues for 2023 and was able to translate successfully that into a £483 million pre-tax profit, up from a loss in the prior year. Agrostar, the tech enabled agriculture commerce platform that helps farmers with high quality agriculture inputs and sells produce to global markets, is on track to achieve EBITDA breakeven driven by the strong growth and profitability of its branded products as per discussions with the company.²

Venture holdings

The Company's venture holdings saw a fair value loss of 23.2% of the opening fair value, contributing 4.2% to the overall decrease in NAV.

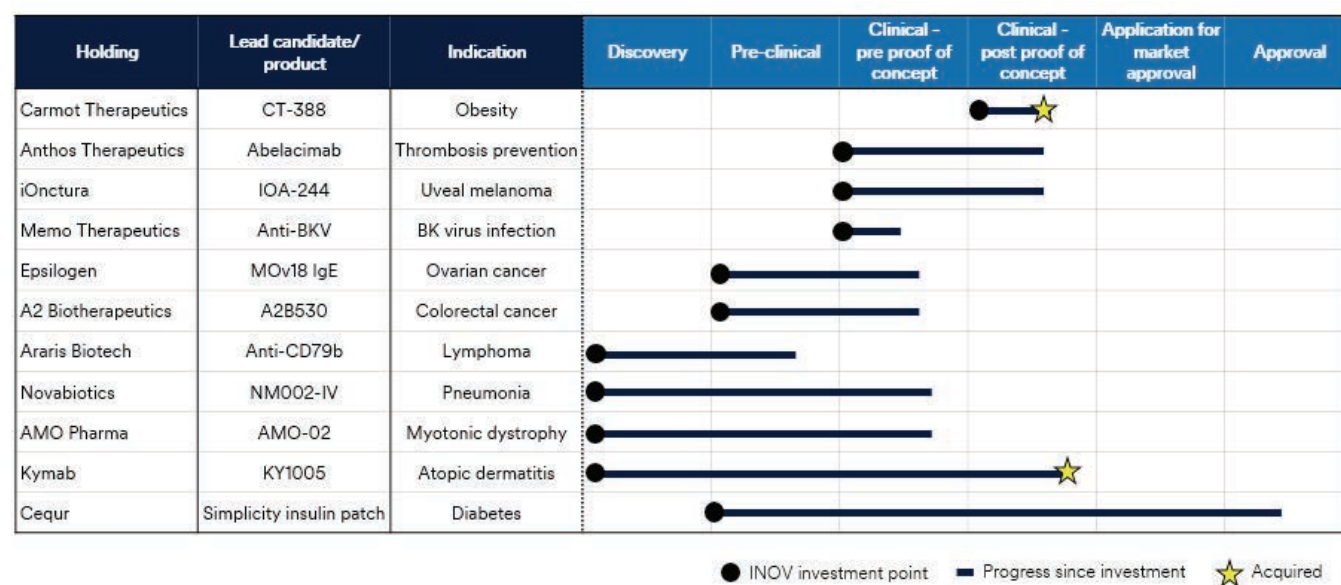
This was mainly due to the fall in valuation of Reaction Engines which decreased by 87% of the opening fair value. The main driver for this was slower than anticipated revenue growth and that the company will require further investment and time to become cash positive.

Life sciences holdings

The Company's private equity life sciences holdings saw a fair value loss of 17.4% of the opening fair value, contributing 2.5% to the overall decrease in NAV.

The notable detractor from performance was the portfolio's holding in OcuTerra, which was revalued at zero (from a fair value of £4.8 million as of 31 December 2023). This decision was made after the company announced that its phase II DR:EAM clinical trial of the selective RGD integrin inhibitor, nesvategrast (OTT166) eye drops, for patients with diabetic retinopathy, did not meet its endpoints. Although the data confirmed the safety of OTT166, the experimental medication did not show a statistically significant improvement in the diabetic retinopathy severity scale scores compared to the placebo group.

Development of life sciences investments



Source: Schroders Capital, 2024. Companies shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Foreign exchange

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

²Please note that the value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested. This is not a recommendation and you should speak to your adviser before making any investment decision

Investment activity

Realisations

During the six months to 30 June 2024, the Company made realisations totalling £25.6 million. This included £4.5 million from the sale from Kymab, £4.5 million from the sale of Carmot Therapeutics, £4.6 million from the full exit of Immunocore and £10.5 million from reducing the holding in Oxford Nanopore Technologies. The proceeds of these sales continue to be used for the buyback programme, follow-on investments and selective new investments.

Investments

During the six months to 30 June 2024, the Company invested into Neurona Therapeutics, "AI Company II" and made two follow-on investments into iOnctura and Memo Therapeutics.

Life sciences

Neurona Therapeutics

The Company invested \$1.6 million as part of the Neurona Therapeutics Series E financing round, which raised \$120 million for the company. The proceeds from the financing will be used to advance the company's pipeline of wholly owned, off-the-shelf cell therapies for multiple indications, including its lead investigational candidate, NRTX-1001. The round was co-led by Viking Global Investors and Cormorant Asset Management with capital raised from several new and existing investors, including the Company.

Neurona Therapeutics is a privately held, clinical-stage biotherapeutics company focused on developing therapies to treat chronic diseases of the nervous system. It was founded at the University of California, San Francisco and is building on two decades of research. The company has built a robust regenerative medicine discovery platform and developed proprietary methods to manufacture specific types of cell therapy candidates for targeted delivery into the damaged nervous system.

Growth

"AI Company II" (actual name not disclosed) is a privately held company that provides high-quality data curation services for generative AI models and application developers. It also offers a full-stack generative AI platform for enterprises to onboard their data, curate it and use it to train AI models in one place. These services are used by customers across various industries. This investment completed in two tranches during the second and third quarters.

Outlook

The core tenets of the strategy pursued in 2023 remain unchanged in 2024. We continue to stay close to the portfolio, work with portfolio company management teams, and when possible, seek to maximise potential exit outcomes. Below we look at the latest outlook across the four different strategies:

Growth

Atom Bank is now substantially the largest holding in the portfolio representing 13.5% of total investments. As described above, the company made good progress in full year 2023, however with inflation over the past two years placing UK households under pressure, and with interest rates at or close to peak, the less benign interest rate outlook we believe is expected to squeeze margins in the banking sector. This is being monitored closely, and in the months ahead, Atom Bank will need to balance carefully growth with profitability to maintain its momentum.

In addition, we would draw attention to the post balance sheet events section of this report which details expected valuation adjustments during Q3.

Revolut announced two important updates to its business outlook. Firstly, the company received its UK banking licence with restrictions from the Prudential Regulation Authority, the regulator responsible for overseeing the UK banking sector, to complete the build out of their UK banking operations. Subsequently, the company announced a secondary share sale providing liquidity for employees at a \$45 billion valuation. With these developments, the company is well set to continue its impressive growth journey as what we believe to be Europe's most valuable private technology company. Revolut is expected to be positively revalued during Q3.

We expect negative valuation adjustments to Ada Health and Bizongo. Despite positive momentum in the first half year, resulting in an upwards revaluation in Q2 2024, the near-term business expectations for Ada Health have been reassessed. In addition, Bizongo has been revised down to reflect the latest developments within the company.

Venture

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

Following the disappointing news regarding Reaction Engines, key factors for success in 2024 are focused on Nexeon making progress with building its first commercial scale production plant, Federated Wireless driving further commercial and federal traction and Genomics signing new partnerships to demonstrate the value of its polygenic risk scores. Meanwhile, the venture-stage software holdings, Securiti, Attest and MMC SPV 3, will continue to be focused on scaling customers, revenue and targeting timely sustained profitability.

Life sciences

The primary drivers of expected value in the therapeutics portfolio are the readouts from ongoing clinical trials. iOnctura will continue conducting phase II clinical trials of their lead therapeutic, roginolisib, specifically focusing on Uveal melanoma. Additionally, they have recently started a new phase II clinical trial for roginolisib in combination with the PD-1 targeting antibody dostarlimab in collaboration with GSK, aimed at treating non-small cell lung cancer.

Anthos, after demonstrating its potential in best-in-class thrombosis prevention last year, will persist in the development of Abelacimab, a Factor XI inhibitor. This will be carried out through pivotal clinical trials, with the goal of preventing thrombosis in patients with atrial fibrillation and those at risk of cancer-associated thrombosis.

Epsilogen has successfully obtained approval from the UK Medicines and Healthcare Products Regulatory Agency for the phase Ib trial of MOv18 IgE. This trial is anticipated to commence later in 2024 and will assess the effectiveness of MOv18 IgE in patients with platinum-resistant ovarian cancer.

Public equities

We expect the public equity portfolio, principally Oxford Nanopore Technologies and Autolus Therapeutics, to remain volatile as the valuation environment for loss-making listed companies remains unforgiving. After the period end, Oxford Nanopore Technologies published its half year trading update detailing underlying year-on-year LSRT revenue growth of 12.4%, lower than the annual target of 20-30%, although in-line with the company's expected phasing, with 2024 and longer-term guidance unchanged. In August, the company also announced the completion of an £80 million equity issue led by strategic investor, Novo Holdings A/S, the investment company responsible for managing the assets and the wealth of the Novo Nordisk Foundation. No specific use of proceeds was disclosed, only to strengthen the company's financial position and provide further headroom to implement the business plan through adjusted EBITDA breakeven in 2027 and cashflow breakeven in 2028.

Investment Manager's Review

continued

Autolus is currently waiting for regulatory approval to market Obe-cel, a treatment for relapsed/refractory Acute Lymphocytic Leukemia. In the US, the anticipated response date, also known as the Prescription Drug User Fee Act date, from the US FDA is November 16, 2024. Regulators have also accepted the filings for regulatory approval of Obe-cel in the European Union. Furthermore, there are plans to submit the regulatory filing for Obe-cel in the United Kingdom in the second half of 2024. Additional clinical trial results for two other programs are also expected by the end of 2024. First, the results of the phase 1 clinical trial (ALLCAR19) for Obe-cel in B-cell Non-Hodgkin Lymphoma and Chronic Lymphocytic Leukemia will be available. Second, the results of the phase 1 dose confirmation study (CARLYSLE) in refractory systemic lupus erythematosus patients are also expected to be released.

Artificial Intelligence

Schroders Capital has been investing in venture capital for over 25 years. Over that time, our team has seen various waves of technological innovation and witnessed first-hand the ripple effect through different sectors and regions. Our belief is that AI, most recently focused on the field of generative AI that has been enabled by the advent of large language models, has the potential for innovation and disruption on a scale comparable to the introduction of email, the internet and smartphones.

Schroders Capital has been investing in AI for over 10 years with exposure today, both directly and indirectly, to 52 of the top 100 AI companies, and 8 of the 10 most highly valued generative AI startups¹. Our venture capital fund managers are amongst leading investors in the theme.

This is a theme that we, as Investment Manager, are particularly excited about and expect to become an increasingly prominent focus in our portfolios, including this Company's portfolio. Our venture capital investment team are committing significant resources to this area, working closely with our data insights and internal technology teams, researching the sector and uncovering new opportunities.

To date, the Company has completed three AI investments;

- Securiti – the pioneer of a centralised platform that enables the safe use of data with generative AI covering security, privacy, governance and compliance.
- "AI Company I" (MMC SPV3) - an early leader in an emerging segment of AI software.
- "AI Company II" – a privately held company that provides high-quality data curation services for generative AI models and application developers.

We expect to make further investments in this sector going forward.

¹As ranked by Pitchbook in terms of latest post-money valuation for private companies in the Generative AI vertical. Post-money valuation is the value of a company after it has received external funding or investment. It is calculated by adding the pre-money valuation (the company's value before the new investment) to the amount of new equity received from investors.

Rebalancing and diversification

With 46% of equities as of 30 June 2024 representing investments made by Schroders, we continue to seek to maximise the sale proceeds from holdings, both public and private, as part of the rebalancing exercise to ensure sufficient liquidity (cash and liquid public equities) to execute efficiently the buyback programme, support the portfolio and make new investments.

As outlined in the annual report, we expect diversification to be a key topic for 2024. As capital availability allows, we seek to target new investments that align with our three strategies (venture, growth and life sciences) with the aim of building a diversified portfolio which more appropriately balances the risk of each strategy. This goal remains a moving target with the requirements of the buyback programme and uncertain timing of potential future exits. In this regard, we are delighted with the two new investments completed over the period, although given our latest view of potential liquidity events in the portfolio, we expect that capital available for new investments will be constrained through the second half of the year.

We understand the frustration felt by shareholders over another difficult period, however Schroders Capital remains committed to the Company and delivering long-term value for shareholders.

Schroders has expressed its own views and opinions in this document and these may change.

Top 10 investments

Portfolio company	Quoted/ unquoted	31 December 2023	% of total investments	30 June 2024	% of total investments
Atom Bank ²	Unquoted	23,105	11.0	23,105	13.5
HP Environmental Technologies Fund ²	Unquoted	10,918	5.2	10,576	6.2
Ada Health	Unquoted	9,638	4.6	10,486	6.1
Oxford Nanopore Technologies ²	Quoted	41,669	19.8	10,173	5.9
Revolut ³	Unquoted	7,888	3.8	8,670	5.1
Back Market ⁴	Unquoted	8,839	4.2	8,648	5.0
Nexeon ²	Unquoted	7,039	3.4	8,235	4.8
AgroStar ⁵	Unquoted	7,279	3.5	7,897	4.6
AI Company II ⁶	Unquoted	-	-	5,651	3.3
Federated Wireless ⁵	Unquoted	6,392	3.0	5,381	3.1

²Assets inherited from the previous portfolio manager

³Revolut is held via the Company's holding in Target Global Selected Opportunities, LLC – Series Space, a single asset fund.

⁴Back Market is held via the Company's holding in Sprints Capital Ellison LP, a single asset fund.

⁵AgroStar is held via the Company's holding in Schroders Capital Private Equity Asia Mauri VIII Ltd, a single asset fund.

⁶The company's actual name is not disclosed due to confidentiality restrictions.

Portfolio's three largest positions

Atom Bank

Leading UK app-only challenger bank

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

In June 2024, Atom Bank published its annual report for the 12-month period to 31 March 2024, with key highlights including:

- Deposits grew by 14% from £5.7 billion to £6.6 billion
- Loan book grew by 39% from £3.0 billion to £4.1 billion
- Net interest income grew by 32% from £76 million to £100 million
- Net interest margin remained stable at 2.8% despite pressure on spreads within the residential mortgage market
- Operating profit grew by 575% from £4 million to £27 million, primarily due to the loan book growth, keeping costs below plan and maintaining customer metrics

Source: Atom Bank Annual Report (<https://www.atombank.co.uk/investor-information/>)

HP Environmental Technologies Fund

A fund invested in emerging environmental technologies that was seeded through the secondary purchase of a portfolio of seven environmental technology companies (previously called Ombu Group).

The HP Environmental Technologies Fund specialises in high growth clean tech firms. The largest holding within the fund is wastewater treatment company, Bluewater Bio.

In May 2024, Bluewater Bio announced an upgrade project of the North Sitra wastewater treatment works in the Kingdom of Bahrain valued at £33 million. The contract was formally concluded and signed in Westminster, at the Department for Business and Trade headquarters. Bluewater Bio will be responsible for all aspects of engineering, acting as a contractor and technology supplier, through the provision of their advanced treatment technologies, HYBACS® and FilterClear®. As the result of population and industrial expansion, additional and enhanced treatment capacity is required to continue to produce treated water suitable for reuse.

Ada Health

A medical AI platform that simplifies healthcare journeys and helps people take care of themselves

Ada Health has developed a clinical grade AI powered health assessment and triaging software providing users with diagnoses and care recommendations following a dynamic questionnaire prompted by the user's responses regarding their symptoms. The technology platform is monetized through i) commercial services to pharma by identifying and qualifying potential patients with certain diseases and ii) supporting health systems payors by providing safe and accurate care navigation and health assessment support. Ada Health offers unmatched clinical breadth, accuracy and safety, 6,000+ condition models and 10,000+ symptoms and risk factors from 14,000+ unique sources, continuously tested to optimise condition coverage.

Ada Health recorded significant revenue growth between 2020 to 2023 and reached EBITDA level profitability in 2023, driven by new large contract wins, although continues to maintain a strong dependency on key contracts and expanding its client base.

The recent business outlook has become more uncertain and this is reflected as a post balance sheet event (please refer to Note 10 in the section on Notes to the Financial Statements).

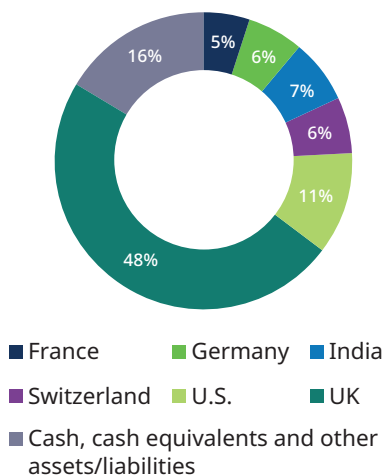
Information herein is believed to be reliable but Schroders does not warrant its completeness or accuracy.

Investment Portfolio

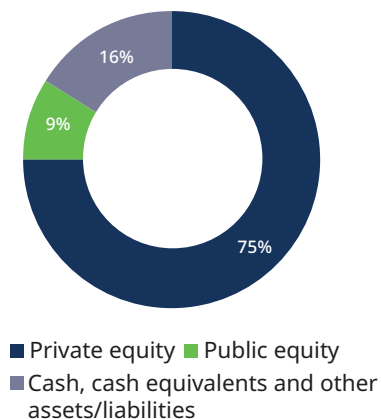
as at 30 June 2024

Portfolio composition

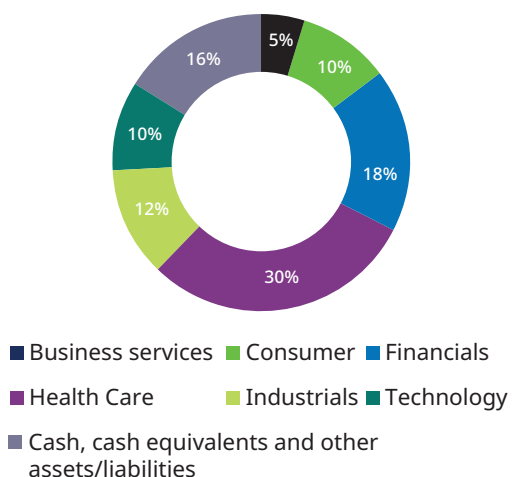
Portfolio by geography*
% of NAV



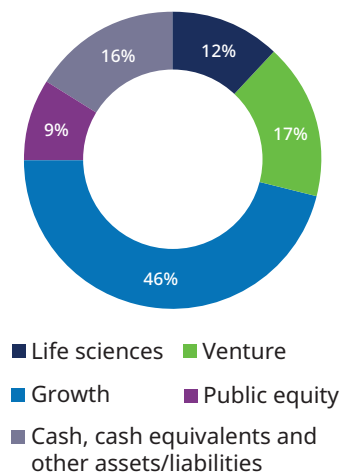
Portfolio by public equity and private equity
% of NAV



Portfolio by sector
% of NAV



Portfolio by strategy/stage
% of NAV



Source: Schroders. Figures have been rounded to nearest %.
* Based on country of risk.

The 20 largest investments account for 92.1% of total investments by value (30 June 2023: 94.8% and 31 December 2023: 91.1%).

Holding	Quoted/unquoted	Strategy	Industry sector	Fair value £'000	Total investments %
Equities					
Atom Bank ¹	Unquoted	Growth	Financials	23,105	13.5
HP Environmental Technologies Fund ¹	Unquoted	Growth	Industrials	10,576	6.2
Ada Health	Unquoted	Growth	Health Care	10,486	6.1
Oxford Nanopore Technologies ¹	Quoted	Public	Health Care	10,173	5.9
Revolut LLP ³	Unquoted	Growth	Financials	8,670	5.1
Back Market ²	Unquoted	Growth	Consumer	8,648	5.0
Nexeon ¹	Unquoted	Venture	Industrials	8,235	4.8
AgroStar ⁴	Unquoted	Growth	Technology	7,897	4.6
AI Company II	Unquoted	Venture	Technology	5,651	3.3
Federated Wireless ¹	Unquoted	Venture	Technology	5,381	3.1
Genomics ¹	Unquoted	Venture	Health Care	5,139	3.0
Bizongo ⁵	Unquoted	Growth	Technology	5,063	3.0
Autolus Therapeutics ¹	Quoted	Public	Health Care	4,592	2.7
CeQur ¹	Unquoted	Life sciences	Health Care	4,368	2.5
Securiti	Unquoted	Venture	Technology	4,204	2.5
iOnctura	Unquoted	Life sciences	Health Care	3,090	1.8
Attest Technologies	Unquoted	Venture	Business Services	2,844	1.7
Anthos Therapeutics	Unquoted	Life sciences	Health Care	2,461	1.4
Epsilogen	Unquoted	Life sciences	Health Care	2,021	1.2
Kymab ¹	Unquoted	Life sciences	Health Care	1,850	1.1
MMC SPV 3 LP ⁷	Unquoted	Venture	Technology	1,663	1.0
Araris Biotech	Unquoted	Life sciences	Health Care	1,420	0.8
Reaction Engines ¹	Unquoted	Venture	Industrials	1,406	0.8
AMO Pharma ¹	Unquoted	Life sciences	Health Care	1,361	0.8
Industrial Heat ¹	Unquoted	Venture	Industrials	1,318	0.8
Memo Therapeutics	Unquoted	Life sciences	Health Care	1,280	0.7
Neurona Therapeutics	Unquoted	Life sciences	Health Care	1,266	0.7
BenevolentAI ^{1,6}	Quoted	Public	Health Care	1,179	0.7
A2 Biotherapeutics	Unquoted	Life sciences	Health Care	922	0.5
Econic ¹	Unquoted	Venture	Industrials	58	-
ARC Group ¹	Quoted	Public	Business Services	11	-
Novabiotics ¹	Unquoted	Life sciences	Health Care	-	-
OcuTerra ¹	Unquoted	Life sciences	Health Care	-	-
Carmot Therapeutics	Unquoted	Life sciences	Health Care	-	-
Freevolt (formerly Drayson) ¹	Unquoted	Venture	Technology	-	-
Just Benchmarks ¹	Unquoted	Venture	Financials	-	-
Mafic ¹	Unquoted	Venture	Industrials	-	-
Metaboards ¹	Unquoted	Venture	Technology	-	-
Mereo BioPharma Group ¹	Quoted	Life sciences	Health Care	-	-
Evoform Biosciences ¹	Unquoted	Life sciences	Health Care	-	-

Investment Portfolio

continued

Holding	Quoted/unquoted	Strategy	Industry sector	Fair value £'000	Total investments %
Bodle Technologies ¹	Unquoted	Venture	Technology	-	-
Rutherford Health ¹	Unquoted	Venture	Health Care	-	-
Lignia Wood ¹	Unquoted	Venture	Industrials	-	-
Oxxybio ¹	Unquoted	Life sciences	Health Care	-	-
Spin Memory ¹	Unquoted	Venture	Technology	-	-
Kind Consumer ¹	Unquoted	Venture	Consumer Staples	-	-
Total equities				146,338	85.3
Money market funds					
Schroder Special Situations – Sterling Liquidity Plus Fund	Quoted	Cash	Collective – SICAV	25,229	14.7
Total money market funds				25,229	14.7
Total investments⁸				171,567	100.0

¹ Assets inherited from the previous portfolio manager.

² Back Market is held via the Company's holding in Sprints Capital Ellison LP, a single asset fund.

³ Revolut is held via the Company's holding in Target Global Selected Opportunities, LLC – Series Space, a single asset fund.

⁴ AgroStar is held via the Company's holding in Schroders Capital Private Equity Asia Mauri VIII Ltd, a single asset fund.

⁵ Bizongo is held via the Company's holding in Schroders Capital Private Equity Asia Mauri V Ltd, a single asset fund.

⁶ BenevolentAI is quoted, but the market is inactive. Thus its valuation has been determined in accordance with the process followed for unquoted assets.

⁷ MMC SPV 3 LP is a single asset fund that holds an AI software company.

⁸ Total investments comprise:

	£'000	%
Unquoted	130,383	76.0
Listed on the London Stock Exchange	10,572	6.1
Listed on a recognised stock exchange overseas	5,383	3.2
Collective investment scheme – money market instruments	25,229	14.7
Total	171,567	100.0

Principal risks and uncertainties

The Board has determined that the key risks for the Company are strategy risk, economic and market risk, investment performance and portfolio concentration risk, liquidity risk, operational risk, information technology and information security risk, key person dependency risk and ESG risk. These risks are set out on pages 38 to 41 of the annual report and financial statements for the year ended 31 December 2023.

The Board regularly monitors the Company's liquid assets since the recommencement of share repurchases. There is continued geopolitical and economic uncertainty. The Company's principal risks and uncertainties, and their mitigation, have not materially changed during the six months to 30 June 2024 or since the annual report was published on 28 March 2024.

Going concern

The Board has considered the Company's principal risks and uncertainties (including whether there are any emerging risks); has scrutinised the detailed cash flow forecast prepared by the Manager; and considered their assessment of the likelihood and quantum of funds which could be raised from sales of investments. As a result, the Board is comfortable that the Company will have sufficient liquid funds to pay operating expenses and capital commitments.

On this basis, the Board considers it appropriate to adopt the going concern basis of accounting in preparing the Company's accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 June 2024.

Directors' responsibility statement

In respect of the half year report for the six months ended 30 June 2024, the Directors confirm that, to the best of their knowledge:

- the condensed set of Financial Statements contained within have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in July 2022 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as at 30 June 2024, as required by the Disclosure Guidance and Transparency Rule 4.2.4R; and
- the half year report includes a fair review of the information as required by the Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

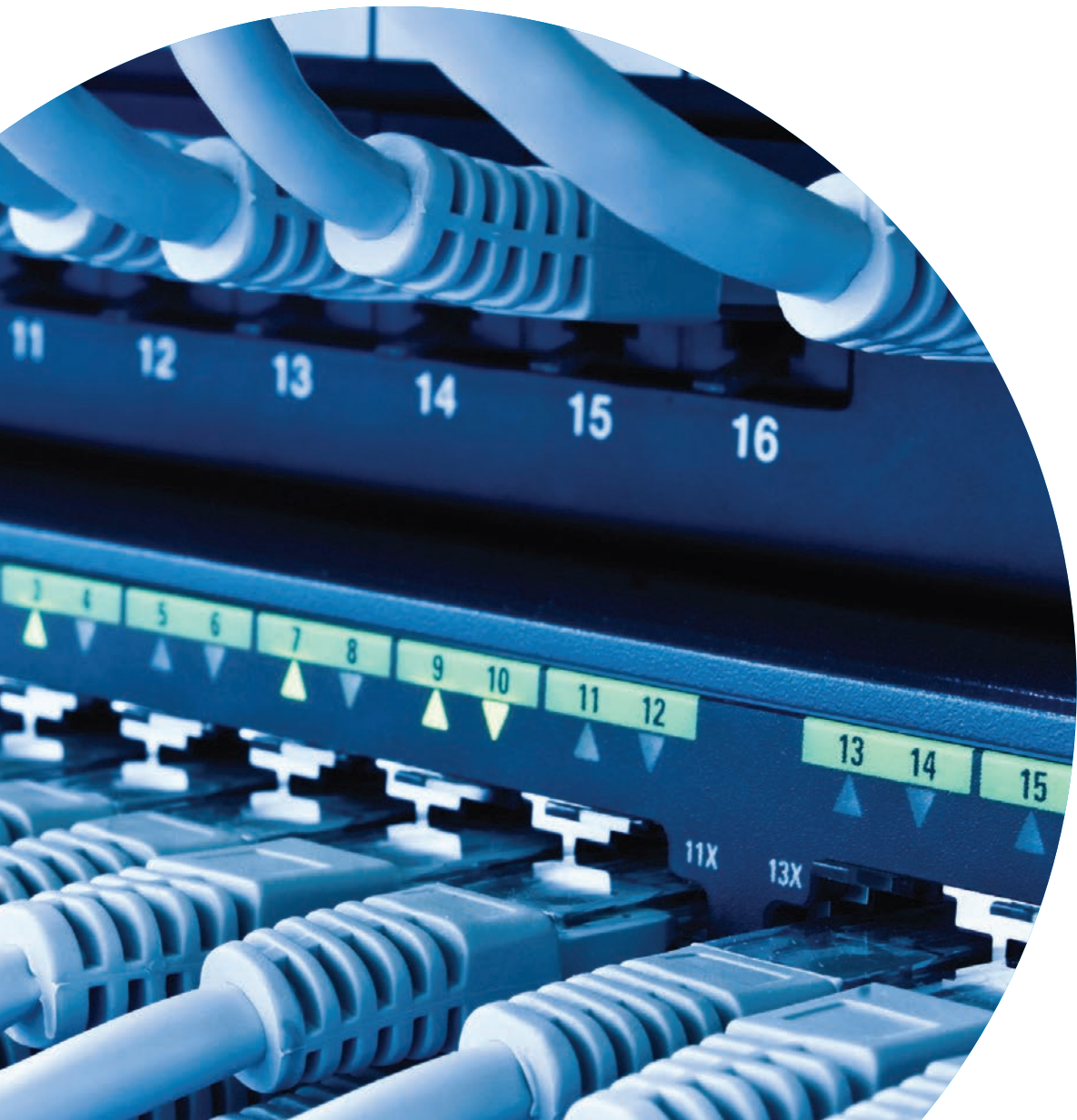
The half year report has not been audited nor reviewed by the Company's auditor.

Tim Edwards
Chair

For and on behalf of the Board

27 September 2024





Financial



Financial

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Statement of Changes in Equity	21
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Statement of Comprehensive Income

for the six months ended 30 June 2024 (unaudited)

	Note	(Unaudited) For the six months ended 30 June 2024			(Unaudited) For the six months ended 30 June 2023			(Audited) For the year ended 31 December 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments held at fair value through profit or loss		-	(38,307)	(38,307)	-	(33,566)	(33,566)	-	(32,015)	(32,015)
Net foreign currency gains/(losses)		-	45	45	-	(39)	(39)	-	42	42
Income from investments		106	-	106	501	-	501	784	-	784
Gross return/(loss)		106	(38,262)	(38,156)	501	(33,605)	(33,104)	784	(31,973)	(31,189)
Management fee		(457)	-	(457)	(621)	-	(621)	(1,252)	-	(1,252)
Administrative expenses		(652)	-	(652)	(772)	-	(772)	(1,341)	-	(1,341)
Net loss before finance costs and taxation		(1,003)	(38,262)	(39,265)	(892)	(33,605)	(34,497)	(1,809)	(31,973)	(33,782)
Finance costs		-	-	-	(16)	-	(16)	(16)	-	(16)
Net loss before taxation		(1,003)	(38,262)	(39,265)	(908)	(33,605)	(34,513)	(1,825)	(31,973)	(33,798)
Taxation		-	-	-	-	-	-	-	-	-
Net loss after taxation		(1,003)	(38,262)	(39,265)	(908)	(33,605)	(34,513)	(1,825)	(31,973)	(33,798)
Loss per share (pence)	4	(0.12)	(4.55)	(4.67)	(0.10)	(3.72)	(3.82)	(0.20)	(3.57)	(3.77)

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

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

Statement of Changes in Equity

for the six months ended 30 June 2024 (unaudited)

	Called-up share capital £'000	Capital Redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2023	8,573	513	883,145	(646,164)	(29,003)	217,064
Repurchase and cancellation of the Company's own shares	(275)	275	(3,638)	-	-	(3,638)
Net loss after taxation	-	-	-	(38,262)	(1,003)	(39,265)
At 30 June 2024	8,298	788	879,507	(684,426)	(30,006)	174,161

for the six months ended 30 June 2023 (unaudited)

	Called-up share capital £'000	Share premium £'000	Capital Redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2022	9,042	891,017	44	-	(615,003)	(27,178)	257,922
Repurchase and cancellation of the Company's own shares	(17)	-	17	-	(256)	-	(256)
Net loss after taxation	-	-	-	-	(33,605)	(908)	(34,513)
At 30 June 2023	9,025	891,017	61	-	(648,864)	(28,086)	223,153

for the year ended 31 December 2023 (audited)

	Called-up share capital £'000	Share premium £'000	Capital Redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2022	9,042	891,017	44	-	(615,003)	(27,178)	257,922
Cancellation of share premium	-	(891,017)	-	891,017	-	-	-
Repurchase and cancellation of the Company's own shares	(469)	-	469	(7,872)	812	-	(7,060)
Net loss after taxation	-	-	-	-	(31,973)	(1,825)	(33,798)
At 31 December 2023	8,573	-	513	883,145	(646,164)	(29,003)	217,064

Statement of Financial Position

as at 30 June 2024 (unaudited)

	Note	(Unaudited) 30 June 2024 £'000	(Unaudited) 30 June 2023 £'000	(Audited) 31 December 2023 £'000
Fixed assets				
Investments held at fair value through profit or loss	5	171,567	192,828	210,093
Current assets				
Debtors		1,117	307	5,511
Cash and cash equivalents		4,841	30,954	2,913
		5,958	31,261	8,424
Current liabilities				
Creditors: amounts falling due within one year	6	(3,364)	(936)	(1,453)
Net current assets		2,594	30,325	6,971
Total assets less current liabilities		174,161	223,153	217,064
Net assets		174,161	223,153	217,064
Capital and reserves				
Called-up share capital	7	8,298	9,025	8,573
Share premium		-	891,017	-
Capital redemption reserves		788	61	513
Special reserve		879,507	-	883,145
Capital reserves		(684,426)	(648,864)	(646,164)
Revenue reserve		(30,006)	(28,086)	(29,003)
Total equity shareholders' funds		174,161	223,153	217,064
Net asset value per share (pence)	8	20.99	24.73	25.32

Registered in England and Wales as a public company limited by shares
Company registration number: 09405653

Cash Flow Statement

for the six months ended 30 June 2023 (unaudited)

	(Unaudited) For the six months ended 30 June 2024 £'000	(Unaudited) For the six months ended 30 June 2023 £'000	(Audited) For the year ended 31 December 2023 £'000
Operating activities			
Net loss before finance costs and taxation	(39,265)	(34,497)	(33,782)
Adjustments for:			
Capital loss before taxation	38,262	33,605	31,973
Decrease/(increase) in debtors	9	(120)	(134)
(Decrease)/increase in creditors	(455)	114	514
Net cash outflow from operating activities	(1,449)	(898)	(1,429)
Investing activities			
Purchases of investments	(33,452)	(8,420)	(35,999)
Sales of investments	40,469	24,503	31,178
Net cash inflow/(outflow) from investment activities	7,017	16,083	(4,821)
Financing activities			
Repurchase and cancellation of the Company's own shares	(3,685)	(256)	(6,985)
Finance costs	-	(58)	(16)
Net cash outflow from financing activities	(3,685)	(314)	(7,001)
Change in cash and cash equivalents	1,883	14,832	(13,251)
Cash and cash equivalents at the beginning of the period	2,913	16,122	16,122
Exchange movements	45	(39)	42
Cash and cash equivalents at the end of the period	4,841	30,954	2,913

Notes to the Financial Statements

1. Financial Statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 31 December 2023 are extracted from the latest published financial statements of the Company and do not constitute statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in July 2022.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 December 2023. In particular, the policy on valuation of investments is consistent with that detailed in note 1(b) to the financial statements for the year ended 31 December 2023, presented on page 69 of the annual report.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The Company intends to continue meeting the conditions required to maintain its status as an Investment Trust Company, and therefore no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

4. Loss per share

	(Unaudited) For the six months ended 30 June 2024 £'000	(Unaudited) For the six months ended 30 June 2023 £'000	(Audited) For the year ended 31 December 2023 £'000
Revenue loss	(1,003)	(908)	(1,825)
Capital loss	(38,262)	(33,605)	(31,973)
Total loss	(39,265)	(34,513)	(33,798)
Weighted average number of shares in issue during the period	841,102,572	902,740,094	895,075,078
Revenue loss per share (pence)	(0.12)	(0.10)	(0.20)
Capital loss per share (pence)	(4.55)	(3.72)	(3.57)
Total loss per share (pence)	(4.67)	(3.82)	(3.77)

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

5 Investments held at fair value through profit or loss

(a) Movement in investments

	(Unaudited) For the six months ended 30 June 2024 £'000	(Unaudited) For the six months ended 30 June 2023 £'000	(Audited) For the year ended 31 December 2023 £'000
Opening book cost	553,693	581,253	581,253
Opening investment holding losses	(343,600)	(338,749)	(338,749)
Opening fair value	210,093	242,504	242,504
Purchases at cost	35,865	8,420	35,999
Sales proceeds	(36,084)	(24,530)	(36,395)
Losses on investments held at fair value through profit or loss	(38,307)	(33,566)	(32,015)
Closing fair value	171,567	192,828	210,093
Closing book cost	550,101	547,562	553,693
Closing investment holding losses	(378,534)	(354,734)	(343,600)
Closing fair value	171,567	192,828	210,093

The Company received £36,084,000 (period ended 30 June 2023: £24,530,000 and year ended 31 December 2023: £36,395,000) from investments sold in the period. The book cost of the investments when they were purchased was £39,457,000 (period ended 30 June 2023: £42,111,000 and year ended 31 December 2023: £63,560,000). These investments have been revalued overtime and, until they were sold, any unrealised gains/losses were included in the fair value of the investments.

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

Material revaluations of unquoted investments during the period (unaudited)

	Opening valuation at 31 December 2023 ¹ £'000	Valuation adjustment £'000	Purchases/ (disposals) £'000	Closing valuation at 30 June 2024 £'000
Reaction Engines	10,625	(9,219)	–	1,406
OcuTerra	4,804	(4,804)	–	–

¹ Based on the closing holding at opening prices.

Material disposals of unquoted investments during the period (unaudited)

	Book cost £'000	Carrying value at 31 December 2023 £'000	Sales Proceeds £'000	Profit based on carrying value at 30 June 2024 £'000
Kymab	–	4,520	4,539	19
Carmot Therapeutics	1,379	4,262	4,506	244

6. Creditors: amounts falling due within one year

	(Unaudited) 30 June 2024 £'000	(Unaudited) 30 June 2023 £'000	(Audited) 31 December 2023 £'000
Repurchase and cancellation of the Company's own shares awaiting settlement	28	–	75
Securities purchased awaiting settlement	2,460	314	–
Management fee payable	253	–	633
Other creditors and accruals	623	622	745
	3,364	936	1,453

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

Notes to the Financial Statements

continued

7. Called-up share capital

	(Unaudited) For the six months ended 30 June 2024 £'000	(Unaudited) For the six months ended 30 June 2023 £'000	(Audited) For the year ended 31 December 2023 £'000
Ordinary shares of 1p each, allotted, called up and fully paid:			
Opening balance of 857,360,026 (31 December 2022: 904,219,238) shares	8,573	9,042	9,042
Repurchase and cancellation of 27,560,000 (period ended 30 June 2023: 1,735,000 and year ended 31 December 2023: 46,859,212) shares	(275)	(17)	(469)
Closing balance of 829,800,026 (30 June 2023: 902,484,238 and 31 December 2023: 857,360,026) shares	8,298	9,025	8,573

8. Net asset value per share

	(Unaudited) 30 June 2024 £'000	(Unaudited) 30 June 2023 £'000	(Audited) 31 December 2023 £'000
Net assets (£'000)	174,161	223,153	217,064
Shares in issue at the period end	829,800,026	902,484,238	857,360,026
Net asset value per share (pence)	20.99	24.73	25.32

9. 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.

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

	Level 1 £'000	30 June 2024 (unaudited)		Total £'000
		Level 2 £'000	Level 3 £'000	
Investments in equities – quoted	14,776	25,229	1,179	41,184
– unquoted	–	–	130,383	130,383
Total	14,776	25,229	131,562	171,567

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

	Level 1 £'000	30 June 2023 (unaudited)		Total £'000
		Level 2 £'000	Level 3 £'000	
Investments in equities – quoted	52,089	–	3,627	55,716
– unquoted	–	–	137,112	137,112
Total	52,089	–	140,739	192,828

There have been no transfers between levels during the period ended 30 June 2023.

	Level 1 £'000	30 December 2023 (audited)		Total £'000
		Level 2 £'000	Level 3 £'000	
Investments in equities – quoted	54,603	9,733	2,176	66,512
– unquoted	–	–	143,581	143,581
Total	54,603	9,733	145,757	210,093

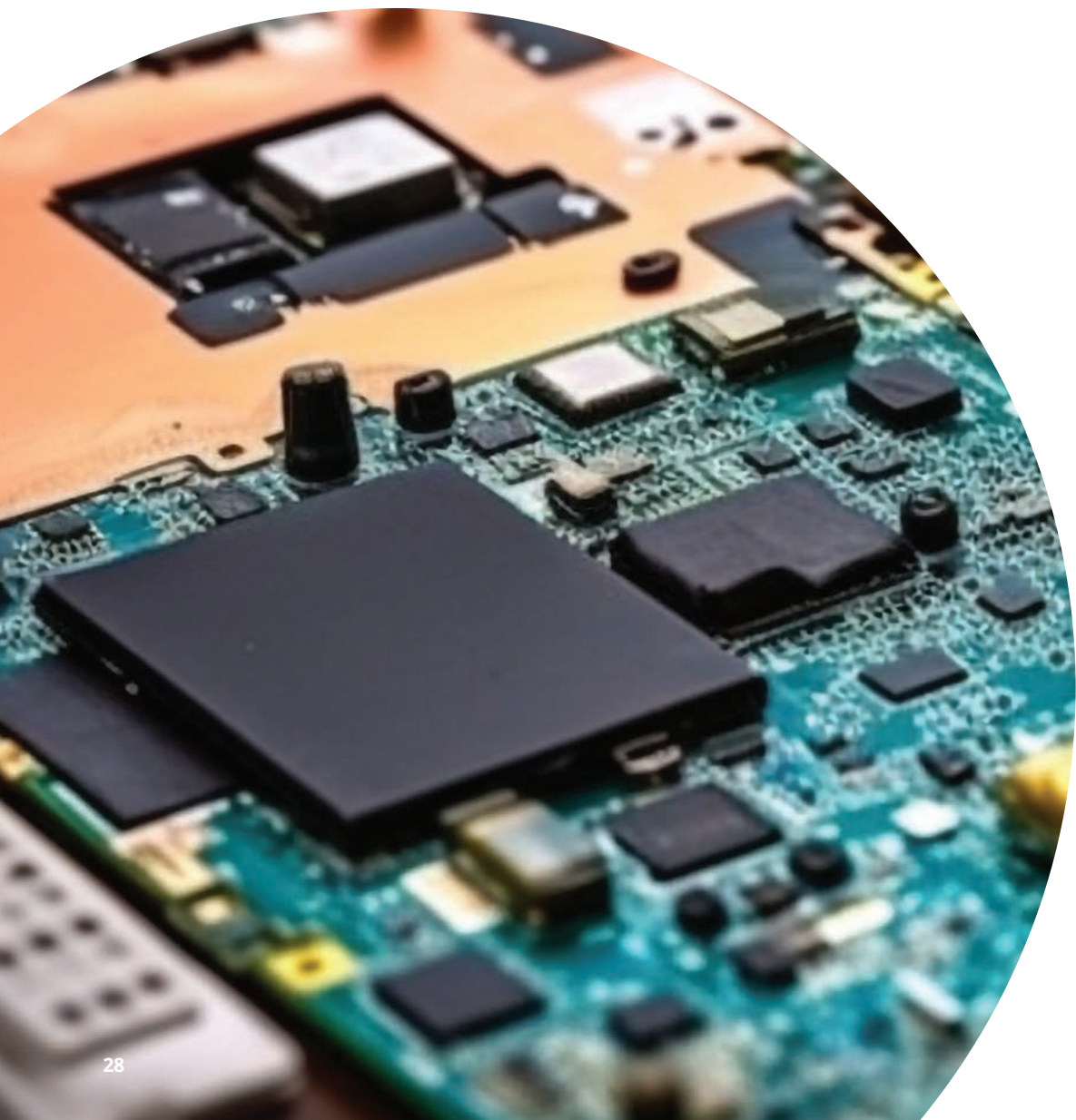
The Level 2 asset relates to the holding in Schroders Special Situations – Sterling Liquidity Plus Fund. BenevolentAI is quoted, but the market is inactive. Thus its valuation has been determined in accordance with the process followed for unquoted assets and included in Level 3 above.

10. Events after the interim date that have not been reflected in the financial statements for the interim period

On 16 August 2024, Revolut Ltd, one of the Company's growth investments, announced a secondary share sale to provide employees with a liquidity opportunity. The Company, while not participating in this secondary share sale, considered the relevant information implied from this transaction as part of its own valuation assessment and currently estimates a positive valuation adjustment of £1.8 million to the 30 June 2024 net asset value.

The Company has assessed the valuation of its other unquoted holdings based on information received until the date of this interim report, including recent business updates, changes to business projections, and the Company's own estimates of current valuation levels. The Company estimates negative valuation adjustments to the 30 June 2024 net asset value of £3.8m in Bizongo because of developments within the company and £2.9m in Ada Health due to changes in business expectations.

In total, the assessed valuation changes amount to a net decrease of £4.9 million, which corresponds to an approximate 2.8% decline to the 30 June 2024 net asset value. The Company has evaluated these developments and determined that they qualify as non-adjusting events for these interim financial statements. All unquoted holdings, including the investments mentioned above, will undergo further evaluation and final determination in line with the Company's valuation policy as part of the 30 September 2024 quarterly net asset value publication.



Other Information

Other Information

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Definitions of Terms and Alternative Performance Measures

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

Net asset value (“NAV”) per share

The NAV per share of 20.99p (31 December 2023: 25.32p) represents the net assets attributable to equity shareholders of £174,161,000 (31 December 2023: £217,064,000) divided by the number of shares in issue of 829,800,026 (31 December 2023: 857,360,026).

The change in the NAV amounted to -17.1% (year ended 31 December 2023: -11.2%) over the period.

Total return*

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either the assets of the Company at its NAV per share at the time the shares were quoted ex-dividend (to calculate the NAV per share total return) or in additional shares of the Company (to calculate the share price total return). The Company has not declared a dividend in either 2023 or 2024.

The NAV total return for the period ended 30 June 2024 is calculated as follows:

Opening NAV at 31/12/23	25.32p
Closing NAV at 30/06/24	20.99p

NAV total return, being the closing NAV, expressed as a percentage change in the opening NAV: **-17.1%**

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

Opening NAV at 31/12/22	28.52p
Closing NAV at 31/12/23	25.32p

NAV total return, being the closing NAV, expressed as a percentage change in the opening NAV: **-11.2%**

The share price total return for the period ended 30 June 2024 is calculated as follows:

Opening Share price at 31/12/23	14.65p
Closing Share price at 30/06/24	11.90p

Share price total return, being the closing share price, expressed as a percentage change in the opening share price: **-18.8%**

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

Opening Share price at 31/12/22	15.47p
Closing Share price at 31/12/23	14.65p

Share price total return, being the closing share price, expressed as a percentage change in the opening share price: **-5.3%**

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 period end amounted to 43.3% (31 December 2023: 42.1%), as the closing share price at 11.90p (31 December 2023: 14.65p) was 18.8% (31 December 2023: 5.3%) lower than the closing NAV of 20.99p (31 December 2023: 25.32p).

(Net cash)/gearing*

The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) which the Company has drawn down and invested in the market. This figure is indicative of the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall. This represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "Net cash" position. The gearing figure at the relevant period/year end is calculated as follows:

	2024 £'000	2023 £'000
Borrowings used for investment purposes, less cash	(4,841)	(2,913)
Net assets	174,161	217,064
(Net cash)/gearing (%)	(2.8)	(1.3)

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.

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 30 June 2024 these were:

	% of net asset value	
	Maximum	Actual
Gross method	310	99.01
Commitment method	120	100

Ongoing Charges*

Ongoing charges are calculated in accordance with the Association of Investment Companies recommended methodology. When the financial reporting period is not a full year, the ongoing charges are annualised to obtain a 12-month ongoing charges figure. This figure includes management fee and all other operating expenses, excluding finance costs and transaction costs. For the current period, the ongoing charges amount to £2,151,000 (31 December 2023: £2,593,000), expressed as a percentage of the average daily net asset values during the period of £197,803,000 (31 December 2023: £239,109,000).

	30 June 2024 £'000	31 December 2023 £'000
Management fee and all other operating expenses excluding finance costs, transaction costs and any performance fee payable	2,151	2,593
Average daily net asset values during the period/year	197,803	239,109
Ongoing charges ratio	1.09	1.08

Shareholder Information

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive. Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

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

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

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

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0800 032 0641¹
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¹Calls to this number are free of charge from UK landlines.

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

Other information

Company number

09405653

Shareholder enquiries

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

Dealing codes

SEDOL:	BVG1CF2
ISIN:	GB00BVG1CF25
Ticker:	INOV

Global Intermediary Identification Number (GIIN)

U73RHA.99999.SL.826

Legal Entity Identifier (LEI)

2138008X94M7OVE73I77

Privacy notice

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

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