Schroders

Schroder British Opportunities Trust plc

Half Year Report and Accounts
For the six months ended 30 September 2022

Investment objective

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

Target return

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

Investment policy

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

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

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

The Company 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.

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Financial Highlights and Key Performance Indicators

Returns for the six months ended 30 September 2022

Net asset value ("NAV") per share

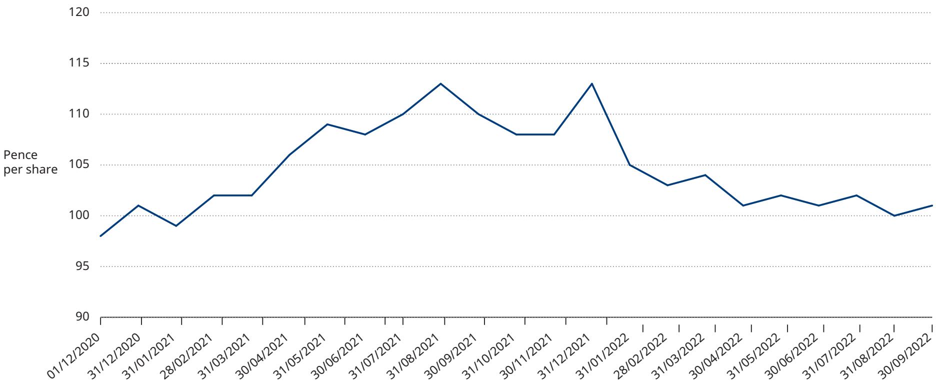
Share price

Financial Highlights

Other financial information	30 September 2022	31 March 2022	% Change
Shareholders' funds (£'000)	74,644	78,103	(4.4)
Shares in issue	74,181,635	75,000,000	(1.1)
NAV per share (pence)	100.62	104.14	(3.4)
Share price (pence)	72.00	84.00	(14.3)
Share price discount to NAV per share (%)	28.4	19.3	
Gearing/(net cash) (%)[1]	(6.8)	(19.8)	

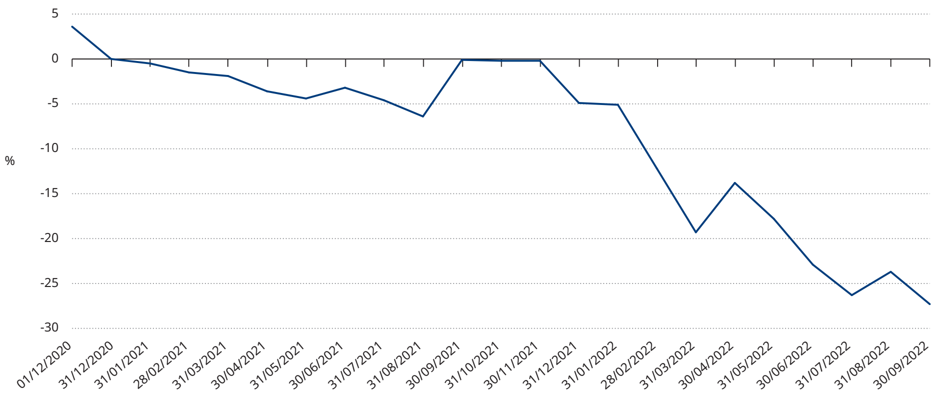
[1]Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The Company currently has no borrowings, so this is shown as a negative, net cash figure.

NAV per share since launch[1]



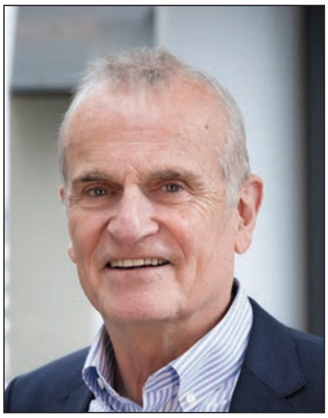
[1]Source: Morningstar/Thomson Reuters.

Share price (discount)/premium to NAV per share[1]



[1]Source: Morningstar/Schroders.

Chairman's Statement



Performance

Market conditions during the half year ended 30 September 2022 have impacted your Company's NAV and share price. NAV has decreased by 3.4% and the share price by 14.3% as the discount widened in response to a deterioration in sentiment towards both UK small cap equities and private equity.

Notwithstanding difficult markets, our private equity holdings have performed well against their growth plans and have shown a modest increase in valuation as a result. This might surprise shareholders given that the venture capital and pre-IPO sectors have seen the biggest negative impact in valuation in the downturn in 2022, putting some of them at a funding risk. By contrast, our private investment portfolio is focussed on later growth capital and buyout stage companies where valuations have contracted in some cases but these declines have been modest in comparison.

Further comment on performance and investment policy may be found in the Portfolio Managers' review.

Private equity valuations

Together with the Schroders independent valuation committees, we carefully review both the status and the forecasts of all the portfolio companies for the purpose of valuing the portfolio each quarter. We use appropriate methodologies to determine the value of each investment and sense check our conclusions. Five of our private investments are valued on an EBITDA multiple basis, three on a revenue multiple basis and one as a market valuation. For most investments we have reduced the multiple used to maintain their relationship with public market equivalents. In most cases the impact of this has been more than offset by the revenue and/or EBITDA growth that these companies have enjoyed.

Portfolio activity

Your Company invested in three new, UK-based private companies in the period under review. Mintec, CFC and Pirum all have market leading positions and have a clear pathway to achieve scale. We also made a follow-on investment in Cera Care to help fund its rapid growth. Private equity investments represent 64% of total investments as at 30 September 2022, an increase from 42% as at 31 March 2022.

Our Portfolio Managers also took advantage of the recent market decline to add to existing public market positions in City Pub Group, GB Group, MaxCyte, On The Beach, Trustpilot, Volution and Watches of Switzerland.

The Company continues to hold a cash position of close to 7% as the current economic environment is providing opportunities to invest in new high growth companies, several of which are currently mispriced in the opinion of our Portfolio Managers.

Discount management

The discount at which the Company's share price trades significantly widened during the period and ended the period at 28.4% below the net asset value. Your board has utilised its share buyback authority to purchase a total of 1,100,00 shares which will be held in treasury with a view to reissue if the Company recovers to a premium position. These purchases were made at an average discount to NAV of 27% and so are significantly accretive to shareholders. Your board monitors discount levels and regularly reviews its buyback policy, cognisant of providing liquidity but also the need to preserve the size of the fund during a period where issuing new shares will not be possible.

Dividend

Your Board is not recommending payment of a dividend as we are targeting a total return with a focus is on long-term growth and the portfolio make up reflects this profile.

Outlook

There are headwinds in global equity markets and in segments of private equity and the UK has additionally been adversely affected by inconsistent and poorly thought through economic policy decisions. Some commentators predict an extended recession in the UK.

Volatility in markets often creates opportunities for certain growth businesses. Our Portfolio Managers have carefully researched all of our investments and created a diversified portfolio which we believe should take advantage of some of these. They are seeing more attractive public and private investment opportunities emerging but are being very selective, looking for long term growth enablers that will underpin valuation increases over time.

Difficult markets will probably remain for a while yet but your Board believe your Company to be well positioned for the market rebound when it comes.

Neil England
Chairman

6 December 2022

Portfolio Manager's Review

Introduction

Summary

- The Company's net asset value (NAV) per share decreased by 3.4% over the period, reflecting a challenging period in the UK's public equity markets, particular for small and mid-cap stocks, whose valuations have been disproportionately impacted by rising interest rates and the increased squeeze on consumers, who are already struggling with inflation.
- We are encouraged by the resilience of our private equity holdings in aggregate in the current environment, which has provided the portfolio with notable downside protection in a falling market. Key positives included positions in Cera Care, Rapyd and Waterlogic, with the private allocation contributing +6.4% to the NAV per share return over the period. This increase occurred despite the well-documented headwinds facing Graphcore, which have been considered in the most recent revaluation of the private equity holdings, with the holding marked down by c.25% in the latest quarterly valuation process.
- The portfolio was boosted by acquisition activity in the market. Holdings in Euromoney, Ideagen and EMIS Group were all subject to takeover bids over the period and we have exited all three positions. We added to several existing holdings that have been, in our view, marked down harshly, thereby increasing the concentration of the public equity allocation in the portfolio.
- We invested in three new, UK-based, market-leading private companies over the 6-month period (Mintec, CFC, Pirum), while a follow-on investment was made in Cera Care in August. Private equity investments represented 64% of total investments as at 30 September 2022, up from 42% as at 31 March 2022.
- Despite the current challenging economic environment, we maintain that this represents one of the most opportune times to be an investor. Furthermore, we believe the current cash position and prudent liquidity profile of the public equity allocation of the portfolio provides us with an excellent opportunity to make further investments in high growth companies and/or mispriced growth companies.
- The resilience of our private equity holdings in aggregate has been very pleasing and the portfolio's private equity allocation, which now comprises 9 companies, has increased in value (net of contributions) every quarter since launch. This not only illustrates the progress our private portfolio investments have made to date but also the benefit of being able to hold both public and private equity companies in the same portfolio from a return perspective – where one can support the other at times of relative weakness.
- Our differentiated public-private equity strategy enables us to continue to invest without boundaries, whilst broadening our investable universe to the benefit of shareholders. We believe this differentiates the Company from other investment trusts and provides us with an advantage when seeking out attractive investment opportunities.

Market

As the Company typically invests in UK companies with an equity value between approximately £50 million and £2 billion at the time of initial investment, it is useful to look at the small and mid (SMID) cap area of the UK market to contextualise the past 6 months. Indeed, UK SMID caps performed poorly over the period, with the FTSE Small Cap Index and FTSE 250 Index falling 13.9% and 17.5% respectively on a total return basis, while the large cap-focused FTSE 100 Index fell only 6.4%. This SMID cap area of the market includes many of the UK's quoted retailers, travel and leisure, and construction companies, while also home to many fast-growing companies in new and emerging industries, whose valuations have been badly hit by rising interest rates, with investors preferring large companies capable of returning cash today. Interest rates are a key component of the 'discount rate' at which an asset's cashflows are discounted in order to work out their value in today's money, or 'present value'. In this regard, UK SMID caps are doubly exposed to rising rates. Higher interest costs are squeezing consumers already struggling to cope with inflation – further crimping 'discretionary' spending on non-essential items such as clothing, holidays and meals out – at the same time as disproportionately weighing on valuations as discount rates rise.

Private equity markets have not been immune to the global economic headwinds, with inflation, increased interest rates and higher purchase multiples impacting deal flow. To illustrate this, global buyout activity from Q1-Q3 2022 was down by nearly a third compared to the same period in 2021. Closer to home, European buyout deal volume was down close to 50% over the same period. As always, we maintain a

Portfolio performance

Attribution analysis £m	Quoted	Unquoted	Derivatives	Net cash	Other	NAV
Value at 31 March 2022	37.3	27.4	–	15.5	(2.1)	78.1
Investments	3.1	13.1	–	(16.2)	–	–
Realisations at value	(7.1)	–	–	7.1	–	–
Fair value gains/(losses)	(7.0)	5.0	–	–	–	(2.0)
Costs and other movements	–	–	–	(1.3)	(0.2)	(1.5)
Value at 30 September 2022	**26.3**	**45.5**	**–**	**5.1**	**(2.3)**	**74.6**

Source: Schroders, as at 30 September 2022. Numbers have been rounded.

Portfolio Manager's Review

high bar for investments approved by our investment committee, despite this and the contracting market, we are delighted to have added three strong, UK-based, market leaders in the shape of Pirum, Mintec and CFC to the portfolio, which we discuss further in the activity section.

The Company's NAV per share fell 3.4% over the period, which comprised:

– Quoted holdings: -9.0%
– Unquoted holdings: 6.4%
– Costs and other movements: -0.8%

As mentioned earlier, UK SMID-caps in the public equity market fared relatively poorly over the period. The impact of the cost-of-living squeeze on discretionary spending weighed on several of our public equity holdings, for example premium pub owner and operator City Pub Group. Meanwhile, shares of luxury watch retailer Watches of Switzerland were held back due to concerns about falling prices in the secondary watch market. We believe in the long-term attributes of these companies, which reflects our decision to use a period of market weakness to add to both positions.

Additionally, our holding in Ascential, a B2B media business specialising in exhibitions and festivals and information services, also weighed on returns as the company posted a half-year loss in August, which the market did not take positively.

On the positive side, the portfolio was boosted by acquisition activity in the market. Holdings in business and financial information company Euromoney, software and services provider Ideagen and healthcare software and services provider EMIS Group were all subject to takeover bids over the period, which we discuss in more detail in the portfolio activity section.

Several of our quoted companies (MaxCyte, for example) continue to perform well operationally, buoyed by strong demand, resilient balance sheets and good management teams. Meanwhile, a few of our more cyclically exposed companies (Luceco, for example) were held back operationally; however we do not see long-term structural issues in their businesses, and we expect that they should benefit from a macroeconomic rebound.

In a challenging environment, the private equity (unquoted) holdings have continued to perform well in aggregate and the overall resilience of the private 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 and the subsequent downturn in tech stocks, has contributed to the resilience of the NAV. Indeed, the unquoted holdings contributed +6.4% to the NAV per share over the period.

Cera Care, Europe's largest provider of digital-first home healthcare, was the most substantial positive contributor over the 6-month period 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 proven to deliver results to face down these challenges.

Rapyd was another key contributor. The company, which powers local payments anywhere in the world, enabling companies across the globe to access markets quicker, continues to perform strongly.

A further positive was global designer, manufacturer, distributor and service provider of purified drinking water dispensers, Waterlogic, which, post period end, completed its merger with Culligan International - the innovative brand in consumer-focused, sustainable water solutions and services.

Graphcore, which we 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 in the third quarter of 2022. 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 is not immune to the US Department of Commerce's sweeping set of export controls to restrict China from certain semiconductor chips and chip-making equipment announced in early October. 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. Therefore, we will continue to monitor the situation and developments at the company closely.

Key positive and negative performers over the 6 months to 30 September 2022

Top 5 contributors	Contribution %
Cera Care	4.3
Rapyd	2.1
Waterlogic	1.2
Euromoney	1.0
Ideagen	0.8

Bottom 5 contributors	Contribution %
Watches of Switzerland	-1.2
Ascential	-1.2
On The Beach	-1.0
Graphcore	-0.9
City Pub Group	-0.8

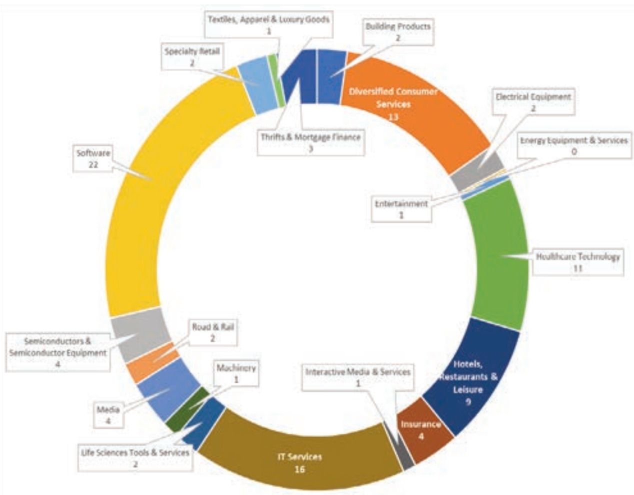
Source: Schroders, as at 30 September 2022. Numbers have been rounded.

Portfolio Manager's Review

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 30 September 2022. 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, as at 30 September 2022



The portfolio has been constructed from the bottom up, with a focus on businesses with strong competitive advantages, large total addressable markets and strong management teams. The result is a portfolio that is well-exposed to companies with a technology offering (notably in software & services areas of the market), which reflects the digitalisation age of today as well as our belief that this is likely to continue. While there is exposure to the wider consumer discretionary sector, which continues to face significant inflationary risk, we believe our investments remain well-positioned to navigate the current landscape and beyond due to a combination of strong pricing power, market leadership and/or high barriers to entry.

We announced three new private equity investments over the last 6 months, which were introduced at length in the Report and Accounts for the period ended 31 March 2022 when providing an update of post period events. In May, 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. 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. Despite the ongoing challenging macroeconomic climate, we expect these businesses to prove resilient and are excited to be part of the next phase of their growth story.

Additionally, and as already mentioned above, 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. Private equity investments represent 64% of total investments as at 30 September 2022.

Three of our public equity holdings received takeover approaches over the period: Euromoney Institutional Investor (shareholders approved a bid by Becketts Bidco, a consortium of PE firms Astorg and Epiris), EMIS Group (shareholders approved £1.24bn all-cash takeover by Optum Health Solutions UK Ltd, a subsidiary of UnitedHealth Group Inc) and Ideagen (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 has benefited portfolio performance. Furthermore, we are encouraged that private equity investors have recognised the strong growth profiles we are seeking in portfolio companies.

We have added to several existing positions which, in our view marked down harshly, thereby increasing the concentration of the public equity allocation in the portfolio. Additions to existing positions over the period included City Pub Group, GB Group, MaxCyte, On The Beach, Trustpilot, Volution and Watches of Switzerland.

Post period end, the Company confirmed that 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 – have announced the completion of their merger. As a result of the merger agreement, the Company will receive £2.38 million in cash, which will be reinvested as we continue to see compelling opportunities and value across both private and public markets.

Our public equity allocation maintains a prudent liquidity profile and the Company holds a cash balance of £8.5m as at 1 December 2022, providing us with a strong position from which to pursue further investment opportunities as they arise.

Outlook

In November, the Bank of England warned that the UK is facing the longest recession since records began, while it raised interest rates from 2.25% to 3%, representing the biggest increase since 1989. Meanwhile, the UK government's Autumn Statement sought to provide near-term support for the economy, which is likely to already be in recession, while re-assuring financial markets that the government will reduce borrowing over the medium to long-term. In terms of the outlook for the economy, the Office for Budget Responsibility (OBR) has revised up its forecast for growth for 2022 from 3.8% to 4.2% since its last forecast in March but has slashed its 2023 forecast from 1.8% to -1.4%, largely owing to the inflation environment at present. The economy is forecast to return to positive growth of 1.3% in 2024 and 2.6% in 2025. Consumer Price Inflation (CPI) is forecast to average 9.1% in 2022 and 7.4% in 2023, before falling to 0.6% in 2024 and -0.8% in 2025. Meanwhile, the unemployment rate is forecast to peak at 4.9% in 2024, before slowly falling back in subsequent years. The OBR's analysis suggests that the measures announced in the Autumn Statement reduce the

Portfolio Manager's Review

depth and length of the recession this year and next but leave the economy on a similar growth trajectory over the medium term.

Despite the current challenging economic environment, we believe that this represents one of the most opportune times to be an investor, where falling valuations for many businesses do not necessarily reflect underlying positive fundamentals. Indeed, in the small and mid-cap space, history has shown that buying on weakness can offer some of the best long-term returns.

Looking forward in private equity markets more generally, with leverage and rising multiples unlikely to propel returns, there could be a sweet spot for strategies focussed on revenue growth and profit margin improvement. For example, expansion of product lines or geographic footprint, and professionalising management to improve profit margins. This is all easier to do among small and medium-sized companies. At larger companies, which have often been through several rounds of private equity or institutional ownership, it is much harder to add the same value. Buy and build strategies are also positioned to do well, with opportunities to buy smaller companies, expand, improve profitability, and then sell at the valuation premium that larger companies command compared to smaller ones.

We believe that our portfolio companies have a number of attractive characteristics that should allow them to withstand this difficult economic environment and even prosper. Portfolio companies such as Watches of Switzerland, where the price elasticity of demand for its products is more inelastic, should prove more resilient, for example. For companies like portfolio holding Mintec, while having a value proposition that is robust through the economic cycle, the strength of its live and accurate commodity price data, alongside trend analysis and forecasting, makes it particularly attractive in volatile markets. As a result, we see the current macroeconomic and political climate continuing to drive increased near-term demand in Mintec's services. Moreover, while no company is completely immune to the impacts of inflation, and there may be a natural limit to which it can pass through higher costs, we believe the portfolio has good exposure to companies with long-term structural stories and strong balance sheets to withstand this environment.

We believe that the current cash position and prudent liquidity profile of the public equity allocation of the portfolio provides us with an excellent opportunity to make new investments in high growth companies and/or initiate positions in mispriced growth companies – quality companies that have fallen out of favour and trade on what we believe to be depressed valuations and have the ability to recover and thrive. We expect to see more attractive public and private investment opportunities emerging and will continue to prioritise factors such as pricing power, business transformation potential and robust technological enablement. Our differentiated public-private equity strategy enables us to continue to invest without boundaries, whilst broadening our investable universe to the benefit of shareholders. We believe this differentiates the Company from other investment trusts and provides us with an advantage when seeking out attractive investment opportunities.

Schroder Investment Management Limited

6 December 2022

The Company's top ten holdings as of 30 September 2022 are set out below.

Top 10 holdings	Quoted/ unquoted	Fair value as of 31/03/22 (£'000)	% of total investments	Fair value as of 30/09/22 (£'000)	% of total investments
Rapyd Financial Network[1]	Unquoted	8,565	13.2	10,102	14.1
Cera EHP S à r l	Unquoted	4,509	7.0	8,131	11.3
Waterlogic[1]	Unquoted	6,045	9.3	6,973	9.7
Pirum Systems[1]	Unquoted	–	–	5,568	7.8
Mintec[1]	Unquoted	–	–	4,360	6.1
Easypark[1]	Unquoted	2,775	4.3	2,814	3.9
CFC[1]	Unquoted	–	–	2,576	3.6
Graphcore	Unquoted	3,178	4.9	2,506	3.5
Learning Curve[1]	Unquoted	2,336	3.6	2,505	3.5
GB Group	Quoted	1,493	2.3	2,177	3.0

Source: Schroders, HSBC.

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

Investment Portfolio as at 30 September 2022

Holding	Quoted/ unquoted	Country of incorporation	Industry	Fair value £'000	Total investments %
Rapyd Financial Network[1]	Unquoted	United Kingdom	IT Services	10,102	14.1
Cera EHP S à r l	Unquoted	United Kingdom	Health Care Technology	8,131	11.3
Waterlogic[1]	Unquoted	United Kingdom	Diversified Consumer Services	6,973	9.7
Pirum Systems[1]	Unquoted	United Kingdom	Software	5,568	7.8
Mintec[1]	Unquoted	United Kingdom	Software	4,360	6.1
Easypark[1]	Unquoted	Sweden	Software	2,814	3.9
CFC[1]	Unquoted	United Kingdom	Insurance	2,576	3.6
Graphcore	Unquoted	United Kingdom	Semiconductors & Semiconductor Equipment	2,506	3.5
Learning Curve[1]	Unquoted	United Kingdom	Diversified Consumer Services	2,505	3.5
GB Group	Quoted	United Kingdom	Software	2,177	3.0
Top 10				47,712	66.5
Trainline	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,787	2.5
OSB	Quoted	United Kingdom	Thrifts & Mortgage Finance	1,627	2.3
Keywords Studios	Quoted	United Kingdom	IT Services	1,589	2.2
Watches of Switzerland	Quoted	United Kingdom	Specialty Retail	1,574	2.2
MaxCyte	Quoted	United Kingdom	Life Sciences Tools & Services	1,336	1.9
Dalata Hotel	Quoted	Ireland	Hotels, Restaurants & Leisure	1,320	1.8
Ascential	Quoted	United Kingdom	Media	1,317	1.8
National Express	Quoted	United Kingdom	Road & Rail	1,251	1.7
SSP	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,250	1.7
Euromoney	Quoted	United Kingdom	Media	1,227	1.7
Top 20				61,990	86.3
Volution	Quoted	United Kingdom	Building Products	1,127	1.6
City Pub	Quoted	United Kingdom	Hotels, Restaurants & Leisure	1,090	1.5
Learning Technologies	Quoted	United Kingdom	Software	1,047	1.5
Discoverie	Quoted	United Kingdom	Electrical Equipment	1,012	1.4
Judges Scientific	Quoted	United Kingdom	Machinery	905	1.3
Trustpilot	Quoted	United Kingdom	Interactive Media & Services	705	1.0
The Gym	Quoted	United Kingdom	Hotels, Restaurants & Leisure	669	0.9
On the Beach	Quoted	United Kingdom	Hotels, Restaurants & Leisure	560	0.8
Lendinvest	Quoted	United Kingdom	Thrifts & Mortgage Finance	547	0.8
Sosandar	Quoted	United Kingdom	Textiles, Apparel & Luxury Goods	498	0.7
Top 30				70,150	97.8
Genuit	Quoted	United Kingdom	Building Products	489	0.7
TinyBuild	Quoted	United States	Entertainment	458	0.6
Luceco	Quoted	United Kingdom	Electrical Equipment	307	0.4
Velocys	Quoted	United Kingdom	Energy Equipment & Services	166	0.2
Victorian Plumbing	Quoted	United Kingdom	Specialty Retail	165	0.2
Invinity Energy Systems	Quoted	Jersey	Electrical Equipment	97	0.1
Total investments				**71,832**	**100.0**

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

Half Year Report

Principal risks and uncertainties

The Board has determined that the principal risks and uncertainties for the Company fall into the following categories: strategic risks, market risks and operational risks. These risks are set out on pages 27 to 28 of the Annual Report and Accounts for the period ended 31 March 2022. The Company's principal risks and uncertainties, and their mitigation, have not materially changed during the six months ended 30 September 2022 or since the Annual Report was published on 13 July 2022.

Going concern

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

The Board has considered the Company's principal risks and uncertainties including whether there are any emerging risks. 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. As a result, the Board is comfortable that the Company will have sufficient liquid funds to pay operating expenses. On this basis, the Board considers it appropriate to adopt the going concern basis of accounting in 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 September 2022.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has 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 Companies and Venture Capital Trusts" issued in July 2022 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Income Statement
For the six months ended 30 September 2022 (unaudited)

	(Unaudited) For the six months ended 30 September 2022			(Unaudited) For the six months ended 31 December 2021			(Audited) For the nine months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	(2,018)	(2,018)	–	3,852	3,852	–	(1,453)	(1,453)
Gains/(losses) on derivative contracts	–	–	–	–	131	131	–	(481)	(481)
Losses on foreign exchange	–	(1)	(1)	–	–	–	–	–	–
Income from investments	227	–	227	189	–	189	296	–	296
Gross return/(loss)	227	(2,019)	(1,792)	189	3,983	4,172	296	(1,934)	(1,638)
Investment management fee	(226)	–	(226)	(257)	–	(257)	(372)	–	(372)
Performance fee	–	(500)	(500)	–	(369)	(369)	–	(714)	(714)
Administrative expenses	(324)	–	(324)	(334)	–	(334)	(500)	–	(500)
Transaction costs	–	–	–	–	1	1	–	1	1
Net (loss)/return before finance costs and taxation	(323)	(2,519)	(2,842)	(402)	3,615	3,213	(576)	(2,647)	(3,223)
Finance costs	–	–	–	(1)	–	(1)	(1)	–	(1)
Net (loss)/return before taxation	(323)	(2,519)	(2,842)	(403)	3,615	3,212	(577)	(2,647)	(3,224)
Taxation (note 3)	–	–	–	–	–	–	–	–	–
Net (loss)/return after taxation	(323)	(2,519)	(2,842)	(403)	3,615	3,212	(577)	(2,647)	(3,224)
(Loss)/return per share (note 4)	(0.43)p	(3.37)p	(3.80)p	(0.54)p	4.82p	4.28p	(0.77)p	(3.53)p	(4.30)p

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

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

Statement of Changes in Equity
For the six months ended 30 September 2022 (unaudited)

For the six months ended 30 September 2022 (unaudited)

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2022	750	–	72,765	5,598	(1,010)	78,103
Repurchase of Ordinary Shares into treasury	–	–	(617)	–	–	(617)
Net loss after taxation	–	–	–	(2,519)	(323)	(2,842)
At 30 September 2022	**750**	**–**	**72,148**	**3,079**	**(1,333)**	**74,644**

For the six months ended 31 December 2021 (unaudited)

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 June 2021	750	–	72,765	8,245	(433)	81,327
Net return/(loss) after taxation	–	–	–	3,615	(403)	3,212
At 31 December 2021	750	–	72,765	11,860	(836)	84,539

For the nine months ended 31 March 2022 (audited)

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

Statement of Financial Position at 30 September 2022

	(Unaudited) 30 September 2022 £'000	(Unaudited) 31 December 2021 £'000	(Audited) 31 March 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	**71,832**	72,307	64,691
Current assets			
Debtors	**14**	45	115
Derivative financial instruments at fair value	**–**	76	–
Cash at bank and in hand	**5,086**	13,721	15,452
	5,100	13,842	15,567
Current liabilities			
Creditors: amounts falling due within one year	**(2,288)**	(1,610)	(2,155)
Net current assets	**2,812**	12,232	13,412
Total assets less current liabilities	**74,644**	84,539	78,103
Net assets	**74,644**	84,539	78,103
Capital and reserves			
Called-up share capital (note 5)	**750**	750	750
Capital reserves	**75,227**	84,625	78,363
Revenue reserve	**(1,333)**	(836)	(1,010)
Total equity shareholders' funds	**74,644**	84,539	78,103
Net asset value per share (note 6)	**100.62p**	112.72p	104.14p

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

Company registration number: 12892325

Cash Flow Statement
For the six months ended 30 September 2022

	(Unaudited) For the six months ended 30 September 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the nine months ended 31 March 2022 £'000
Operating activities			
Total (loss)/return before taxation	**(2,842)**	3,212	(3,224)
Less capital loss/(return) before taxation	**2,519**	(3,615)	2,647
Decrease/(increase) in prepayments and accrued income	**80**	(1)	(65)
Decrease/(increase) in other debtors	**21**	(5)	(11)
Increase in other creditors	**125**	641	1,186
Performance fee and transaction costs allocated to capital	**(500)**	(368)	(713)
Net cash outflow from operating activities	**(597)**	(136)	(180)
Investing activities			
Purchases of investments	**(16,281)**	(5,560)	(7,285)
Sales of investments	**7,121**	1,614	5,650
Cash outflow from derivative instruments	**–**	(157)	(693)
Net cash outflow from investing activities	**(9,160)**	(4,103)	(2,328)
Net cash outflow before financing	**(9,757)**	(4,239)	(2,508)
Financing activities			
Repurchase of Ordinary Shares into treasury	**(609)**	–	–
Net cash outflow from financing activities	**(609)**	–	–
Net cash outflow in the period	**(10,366)**	(4,239)	(2,508)
Cash at bank and in hand at the beginning of the period	**15,452**	17,960	17,960
Net cash outflow in the period	**(10,366)**	(4,239)	(2,508)
Cash at bank and in hand at the end of the period	**5,086**	13,721	15,452

Notes to the Accounts

1. Financial statements

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

The figures and financial information for the period ended 31 March 2022 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that period. Those accounts 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.

The comparative figures cover the six month period ended 31 December 2021, and the nine month period ended 31 March 2022, as the Company has changed its financial accounting date from 30 June to 31 March.

2. Accounting policies

Basis of accounting

The accounts 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 accounts are consistent with those applied in the accounts for the period ended 31 March 2022.

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 dererred tax on any capital gains or losses arising on the revaluation or disposal of investments.

4. (Loss)/return per share

	(Unaudited) For the six months ended 30 September 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the nine months ended 31 March 2022 £'000
Revenue loss	(323)	(403)	(577)
Capital (loss)/return	(2,519)	3,615	(2,647)
Total (loss)/return	(2,842)	3,212	(3,224)
Weighted average number of shares in issue during the period	74,823,042	75,000,000	75,000,000
Revenue loss per share	(0.43)p	(0.54)p	(0.77)p
Capital (loss)/return per share	(3.37)p	4.82p	(3.53)p
Total (loss)/return per share	(3.80)p	4.28p	(4.30)p

Notes to the Accounts

5. Called-up share capital

Changes in called-up share capital during the period were as follows:

	(Unaudited) For the six months ended 30 September 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the nine months ended 31 March 2022 £'000
Opening balance of ordinary shares of 1p each	750	750	750
Repurchase of shares into treasury	(8)	–	–
Closing balance of ordinary shares of 1p each, excluding shares held in treasury	742	750	750
Shares held in treasury	8	–	–
Closing balance, ordinary shares of 1p each, including shares held in treasury	750	750	750

Changes in the number of shares in issue during the period were as follows:

	(Unaudited) For the six months ended 30 September 2022 £'000	(Unaudited) For the six months ended 31 December 2021 £'000	(Audited) For the nine months ended 31 March 2022 £'000
Opening balance of ordinary shares of 1p each	75,000,000	75,000,000	75,000,000
Repurchase of shares into treasury	(818,365)	–	–
Closing balance of ordinary shares of 1p each, excluding shares held in treasury	74,181,635	75,000,000	75,000,000
Shares held in treasury	818,365	–	–
Closing balance of ordinary shares of 1p each, including shares held in treasury	75,000,000	75,000,000	75,000,000

6. Net asset value per share

	(Unaudited) 30 September 2022	(Unaudited) 31 December 2021	(Audited) 31 March 2022
Total equity shareholders' funds (£'000)	74,644	84,539	78,103
Shares in issue at the period end, excluding shares held in treasury	74,181,635	75,000,000	75,000,000
Net asset value per share	100.62p	112.72p	104.14p

7. Financial instruments measured at fair value

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

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

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

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

Level 3 – valued using inputs that are unobservable.

Notes to the Accounts

The following table sets out the fair value measurements using the above hierarchy:

	(Unaudited) 30 September 2022 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	**26,297**	**–**	**–**	**26,297**
– unquoted	**–**	**–**	**45,535**	**45,535**
Total	**26,297**	**–**	**45,535**	**71,832**

	(Unaudited) 31 December 2021 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	47,449	–	–	47,449
– unquoted	–	–	24,858	24,858
Derivative financial instruments – index futures	76	–	–	76
Total	47,525	–	24,858	72,383

	(Audited) 31 March 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 period (period ended 31 December 2021 and period ended 31 March 2022: nil).

8. Uncalled capital commitments

At 30 September 2022, the Company had uncalled capital commitments amounting to £7,652,000 (31 December 2021: £2,100,000; 31 March 2022: £7,869,000) in respect of follow-on investments, which may be called at any time by investee companies, subject to their achievement of certain milestones and objectives.

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

On 3 November 2022, the Company was pleased to announce the merger of Culligan International and Waterlogic Group. The Company holds an investment in Waterlogic, made through the EPIC I-b Fund and, as result of the merger agreement, the Company will receive £2.38 million in cash. The valuation of the Waterlogic investment in these interim accounts at 30 September 2022, already reflects the transaction terms less a small discount for uncertainty.

The Directors have evaluated the period since the interim date and have not noted any other events which have not been reflected in the financial statements.

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

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[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.

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