Schroders

Schroder British Opportunities Trust plc

Report and Accounts for the period ended 30 June 2021

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 will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. The Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

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 and on pages 38 to 41 of the prospectus dated 10 November 2021.

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Financial Highlights and Key Performance Indicators

Some of the financial measures below are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 60 together with supporting calculations where appropriate.

The accounts cover the period from the date of incorporation on 21 September 2020, to 30 June 2021 (the "period"). The Company began investing on 1 December 2020 ("launch date") and its shares have been traded on the premium segment of the main market of London Stock Exchange from that date.

Returns for the period ended 30 June 2021

+10.6%

Net asset value ("NAV") per share

+5.0%

Share price

Public 67.9%

Private 32.1%

Equity holdings

Financial Highlights

	30 June 2021	1 December 2020 (launch date)	% Change
Shareholders' funds (£'000)	81,327	73,506	+10.64
Shares in issue	75,000,000	75,000,000	–
NAV per share (pence)	108.44	98.01	+10.64
Share price (pence)	105.00	100.00[1]	+5.00
Share price (discount)/premium to NAV per share* (%)	(3.2)	2.0	
Net cash* (%)	(22.1)		

	Period ended 30 June 2021
Net revenue loss after taxation (£'000)	(433)
Net revenue loss per share (pence)	(0.58)
Dividend per share (pence)	–
Ongoing Charges* (%)[1]	1.40

[1] Based on annualised ongoing charges as the period is less than one year, in accordance with AIC guidance

Chairman's Statement

I am pleased to present the first annual report of Schroder British Opportunities Trust plc ("the Company"), covering the period from incorporation on 21 September 2020 to 30 June 2021. The investment period of the Company reviewed in this report is from IPO on 1 December 2020 to 30 June 2021.

Investment Strategy

The Company was launched during the COVID-19 pandemic with the aim of addressing a once in a generation opportunity to invest equity capital into high quality, high growth UK companies with sustainable business models at attractive valuations. The Company is set up to invest in both public and private equities and typically, when the Company is fully invested, we would expect around a 50:50 mix although this will flex dependent on the quality of the opportunities we are presented with. Environmental, social and governance ("ESG") engagement is a key feature of the Company's investment strategy and further information on this is provided on p19 of this report.

Progress

£75 million was raised at IPO (£73.5 million net of costs) in what had proved to be a tough market for new investment company issuance. Since launch, the Portfolio Managers have made strong progress in identifying companies which meet our investment criteria and as at 30 June, more than 93% of net assets were invested accross public equities, private equities and futures. The portfolio was made up of 29 investments in public equities and six investments in private businesses. These companies not only have strong opportunities for growth but also have business models that we consider to be sustainable and have ESG behaviours. More details on these initial investments can be found in the Portfolio Manager's report.

Since 30 June the Portfolio Managers have made an investment in LendInvest an asset management property finance platform that provides bridging loans, development finance, and buy-to-let mortgages to intermediaries, landlords and developers across the UK. The portfolio now consists of 30 public equities and six private businesses.

Growing the Company

We have an interesting pipeline of opportunities that fit our investment criteria and we intend to grow the Company over time to exploit these. It is the Company's intention to issue new ordinary shares once the existing shares in issue trade at a premium to NAV. Such issues will only take place if they are accretive to existing shareholders and will have the additional benefit of reducing our ongoing charges ratio.

Resolutions to authorise the Board to issue up to 10% of the issued share capital on a non-pre-emptive basis, will be put to Shareholders at the forthcoming annual general meeting ("AGM").

Performance

I am delighted to report that, notwithstanding that the Company was substantially in cash while the Portfolio Managers were identifying and executing the initial investments post IPO, strong shareholder returns have been delivered in the period under review. The Company's NAV increased by 10.6% in the seven month period since launch. On an annualised basis, this is significantly well ahead of our declared total return target of 10% per annum. This performance has continued since the period end, and at the time of writing the NAV has increased by 16.5% since the IPO. The listed equities have driven much of this growth assisted by an early valuation uplift in one of our private holdings, Rapyd. Other private investments are currently being held at close to cost.

United Nations Sustainable Development Goals ("SDGs")

While there are a number of emerging frameworks for assessment of ESG, the Board believes that the SDGs have long-term application and relevance. The Portfolio Managers are supported by Schroders' Sustainable Investment team when evaluating the sustainability of an investee company business model. Since IPO they have actively engaged with investee companies to improve ESG characteristics and to support their efforts to incorporate SDGs into their business plans. The Board fully supports this focus. More details of the Portfolio Managers' approach to ESG and the ESG-specific engagements within the portfolio to date can be found on p20 in this report. The Board has also supported the Association of Investment Companies' (AIC's) initiative to provide a database of investment trust companies' approach to ESG investing and stewardship.

Share price and discount

The Company's share price has grown by 5% in the period but has not kept pace with the increase in NAV and the Company has therefore traded at a slight discount. This discount has narrowed of late and the Board intends to take steps to continue this trend. Our objective is to trade at a slight premium to NAV justified by the opportunity that the invested portfolio offers shareholders. The Company has a buy-back policy in place to seek to prevent the discount widening beyond 5% in normal market conditions but the appetite for the Company suggests that this is unlikely to be needed. Nonetheless, a proposal providing authority to purchase up to 14.99% of its issued share capital will also be put forward at the AGM. Any shares so purchased will be cancelled or held in treasury for potential reissue at a premium to NAV.

Since the period end the discount has narrowed to 0.23% (1 October 2021).

Chairman's Statement

Dividend

The Company is targeting a total return rather than a specific level of dividend income and the Board is not proposing to pay a dividend for this first period. Distributions in future years will be made primarily to maintain investment trust status.

Accounting Reference Date

The Company was incorporated on 21 September 2020 and, prior to IPO, shortened its first accounting date to the seven month period ended 30 June 2021. Subsequently, the Company will be shortening the second accounting period to the nine months to 31 March 2022 to better align our reporting with periodic valuations of underlying private equity investments. It is intended that 31 March will be the year-end for the Company in future years.

AGM

Our first AGM will be held on Tuesday, 30 November 2021 at 12.00 noon at 1 London Wall Place, London EC2Y 5AU.

The Board welcomes shareholders' comments and questions for them or the Portfolio Manager. Please contact us via our Company Secretary: amcompanysecretary@schroders.com and we will endeavour to get your questions answered and published prior to the AGM. The Board will also be providing answers to commonly asked questions on the Company's webpages. If you prefer to write in, please do so to: The Company Secretary, Schroder British Opportunities Trust plc, at the above address.

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

Presentation from the Portfolio Managers

Our Portfolio Managers will be presenting at a webinar on 8 October 2021 from 12-1pm to provide some insight into their decision making and the current portfolio. Shareholders are also encouraged to sign up using this link: https://registration.duuzra.com/form/feedback/SBOAnnualResults2021

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

Outlook

The Company's investment thesis at the time of launch was predicated on a strong economic and market recovery as the UK economy began to normalise post-pandemic and this has thus far proven to be largely accurate. UK equity markets have performed strongly in 2021 and have begun to re-rate versus other developed markets, but a valuation gap remains. The ongoing attractiveness of British companies has been made clear by the increased levels of M&A activity witnessed recently as international operators, both public and private, look to capitalise and increase their exposure to the UK recovery.

There is a clear and ongoing opportunity and the current pipeline is strong.

The Schroders management team, led by our Portfolio Managers, Rory Bateman and Tim Creed, have a depth of skills and experience and enjoy an excellent reputation. In the short period since IPO they have deployed the cash proceeds to plan and achieved NAV growth well ahead of target.

All of the above gives support to your Board's view that the Company is well positioned to continue to achieve its performance targets in both the medium and long-term. We have a differentiated proposition with a focus on sustainable growth and this should provide attractive returns.

Neil England
Chairman

4 October 2021

Portfolio Managers' Review

Summary

At the time of the launch of the Schroder British Opportunities Trust plc (the "Company", or "SBO") we described the opportunity as a once in generation opportunity. This was a bold statement but we are delighted to say the journey has begun extremely well. Investors around the world have identified the UK as a highly attractive place to invest and SBO has benefited both through its public and private company positions.

Immediately after the initial public offer ("IPO") in December 2020 we quickly deployed the capital into selective public equities and made our first private investments into Learning Curve Group and Graphcore by the end of the year. In line with our expectations, within six months c.93% of net assets were invested across public equities, private equities and futures. At the time of writing this commentary in September 2021, SBO had increased its Net Asset Value ("NAV") per ordinary share by more than 16% since investing the net proceeds of the IPO. This reflects the strong share price returns for a number of publicly listed holdings in the portfolio, as well as the revaluation of the investment in Rapyd – our third private equity deal completed in January 2021.

Your Portfolio Managers continue to believe the portfolio offers substantial long-term returns through the strategy of investing in both public and private growth companies with sustainable business models. Indeed, we were delighted to receive the 'Most Exciting Investment Company IPO' accolade at the ADVFN International Financial Awards in March 2021. The panel-judged awards celebrate best of breed products and services from across the financial industry, both nationally and internationally, and are recognised across the international retail investor market.

The UK Market

Recently we have all lived through unprecedented times as the spread of COVID-19 has reached all corners of the globe. After extreme market volatility in early 2020, equity markets made a strong recovery which continued into 2021 as vaccines offered the promise of more normal times ahead. Unfortunately many businesses were unable to survive the pandemic but for many investors the turmoil offered numerous opportunities to invest in great companies at depressed valuations. The UK market was particularly attractive in this regard given negative sentiment around Brexit over recent years had already put UK equities at a discount relative to other global markets.

Given the rapid roll out of vaccines in the first quarter of calendar year 2021, UK consumer confidence grew and despite being in the third lockdown, it was widely believed there would be significant pent up demand in the economy. The market began to price in some recovery in consumer growth companies such as pubs and restaurants, whilst airlines and hotels were less fortunate given ongoing travel restrictions. Meanwhile, UK Purchasing Managers' Index data continued to indicate domestic economic expansion, which was confirmed by the results of companies in the industrial sector in the first half of the calendar year. Materials and labour costs were repetitively cited as headwinds but despite this, a number of companies in the construction and manufacturing sectors were able to increase prices ahead of cost inflation.

Very accommodating monetary and fiscal policy has created an ideal environment for equities as the economic expansion progresses. Foreign investors were quick to notice the economic recovery alongside UK equity valuations which propelled the UK market to one of the best performers in the first half of 2021. Perhaps not surprisingly, the June 2021 Bank of America Merrill Lynch 'Global Fund Manager Survey', showed that allocations to UK equities were at the highest levels since March 2014. The first six months of 2021 saw thirteen buyout bids from private equity firms – the highest figure since 1999, which compared to just four in the same period in 2020 and four in 2019. Meanwhile, the number of companies that listed on the UK stock market continued to be buoyant.

Activity in private equity markets has also been very strong since the time of the IPO in December 2020. We have seen record private equity deal volumes in the UK and are also seeing valuations increase as more capital begins to recognise the value inherent in high quality private equity investments. Deals that had been put on hold in 2020 due to concerns over Brexit and COVID-19 came back strongly as confidence returned. This dynamic was compounded as a different concern began to emerge in relation to potential capital gains tax hikes which inspired more founders and entrepreneurs to consider their options. The number of deals completed in Q1 calendar 2021 were the highest for five years and reflected the fast pace of evolution within the private equity industry in moving to remote due diligence, virtual meetings and digital transactions. The early 2020 phenomenon of private equity managers focusing purely on their existing portfolios transformed into a far more expansive approach to new deals, as healthy firepower and rapidly returning confidence revealed a number of compelling opportunities. We are delighted to have been able to participate in a number of these high quality deals and are excited to be in such a strong position looking forward.

The Portfolio

We structured SBO as a unique investment opportunity to invest in both public and private equities managed seamlessly by a team of experienced Schroders listed and non-listed equity experts. Our philosophy is simply to buy fundamentally undervalued growth companies irrespective of their ownership structure. We aim to maximise returns for our investors while helping companies maximise their sustainable growth trajectories. The reality is that there are significant benefits in combining the best ideas from both public and private and working with companies through the life cycle of their existence. It makes sense for some of our companies to shift their structure from private equity ownership through the IPO process into public hands and we intend to take our investors on the value creation journey. It also makes sense for many companies to remain in private hands where our investments can help influence significant growth. Our public positions are listed UK structural growth businesses. Such is our confidence in their business models, when appropriate we encourage the management teams to issue equity to enable them to achieve their maximum

Portfolio Managers' Review

growth potential given the internal rate of returns they are able to generate.

We take a balanced, pragmatic view to portfolio construction. By investing in liquid public equities we were able to reduce cash drag which can be an issue for pure private equity portfolios. At the end of period, 32.1% of the portfolio was invested in private companies. We intend to achieve a split of around 50/50 public/private within 18-24 months from launch and from there will be flexible subject to the opportunities that present themselves. We can reassure our shareholders that liquidity and effective cash management are front of mind for the Portfolio Managers.

It is of paramount importance that we invest in sustainable businesses. This includes being cognisant of environmental, social and governance factors and how the management teams of our investments run their operations. Elsewhere in this Annual Report we discuss Schroders' approach to sustainability in detail and also how the Company integrates ESG as part of its investment process.

Finally, we have used derivatives where tactically appropriate and may do so in future.

Top 10 Equity Holdings

The Company's top ten equity positions as at 30 June 2021 are set out below, many of which we refer to in this report.

Top 10 Equity Holdings	Public/ Private	% of Net Asset Value
Rapyd	Private	8.2
Waterlogic	Private	4.8
Cera	Private	4.0
Graphcore	Private	3.6
Ascential	Public	3.0
Genuit Group	Public	2.8
Breedon Group	Public	2.7
Ibstock	Public	2.5
Learning Curve	Private	2.5
National Express	Public	2.4

Source: Schroders. Top 10 equity holdings (unaudited) as at 30 June 2021.

Portfolio Activity

Across our portfolio, be they public or private positions, we take a long-term approach to our investments. We hope to generate substantial returns by helping our companies to grow, providing fresh equity when appropriate and influencing management teams to adopt the very best corporate governance and ESG practices.

We made six private equity investments during the period, which we discuss below:

Our first investment was in December 2020 and was into **Learning Curve Group** ("LCG"), a leading private UK training and education specialist based in Durham, which helps learners improve their employability and economic well-being through practical education. LCG benefits from a flexible model, offering online and face-to-face delivery. On 1 March 2021, LCG announced that it had completed the acquisition of Antrec Limited, further solidifying its position as one of the UK's largest training providers. The acquisition forms part of Learning Curve Group's ambitious strategic growth plans in the UK.

LCG provides training and education

Also in December 2020, we completed our investment into Bristol based **Graphcore**, a leading machine intelligence semiconductor business, as part of its US$222m Series E funding round. Graphcore was founded in 2016 and has developed the Intelligence Processing Unit ("IPU"), a new type of microprocessor specifically designed from the ground up to meet the needs of current and next-generation artificial intelligence applications. Since our investment, the company has also begun shipping its new IPU-POD16 DA (Direct Approach), a powerful, compact, affordable system for innovators to explore new machine intelligence approaches enabled by Graphcore pioneering Intelligence Processing Unit technology.

In January 2021 we announced our investment in **Rapyd**, a leading global Fintech-as-a-Service company with significant UK operations, as part of its US$300m Series D financing round. Rapyd offers one of the fastest ways to power local payments anywhere in the world, enabling companies across the globe to access markets quicker than ever before. The new financing will be used to double the size of the engineering and product teams, as well as expanding the "Self-Service" element of Rapyd's platform, empowering businesses globally to onboard and begin utilizing any of Rapyd's financial capabilities in the shortest possible time frame.

In April 2021, we announced our fourth private equity investment, **Cera**, a technology-enabled home care provider founded and based in the UK. The new financing will be used to advance Cera's technology platform, as well as further scale its service platform through the acquisition of small- and mid-sized home care service providers in the UK.

Portfolio Managers' Review

Cera provides homecare service

In May 2021, we announced our fifth private equity investment, EPIC I-b Fund SLP, a single asset fund managed by Castik Capital, which had acquired a majority stake in Waterlogic Group Holdings Limited ("**Waterlogic**"). Waterlogic is a leading global provider of purified drinking water dispensers, headquartered in the UK. As stated in the announcement, this transaction will provide Waterlogic with an extended investment horizon, additional capital to continue executing on its buy & build strategy, and the resources to support its global growth ambitions.

In June 2021, we announced our sixth private equity investment into **Easypark Group**, a fast-growing European mobility company that helps drivers to find, manage, and pay for both parking and electric vehicle charging. SBO's investment provided part of the financing for Easypark Group's acquisition of PARK NOW Group ("PARK NOW") from BMW Group and Daimler Mobility AG. PARK NOW operates with 43 million users in 11 countries, including the UK where it has a market-leading position which Easypark Group plans to expand further. PARK NOW offers a broad portfolio of digital services related to parking – both in car parks and on-street in more than 1,100 cities; the acquisition will enable Easypark Group to grow further and become a global pacesetter within digital parking, electrical vehicle charging and mobility services.

We are delighted to have added these attractive private assets to the portfolio; each has strong financial metrics and substantial opportunities for further growth, combined with strong ESG credentials. We continue to see many attractive opportunities in our pipeline and we are progressing our due diligence on several of these, but will remain disciplined in our process and select only the highest quality opportunities for investment.

Elsewhere, the public equity sleeve of the portfolio saw a reasonable level of activity. Below we provide a sample of transactions since we launched the Company:

Calisen, a provider of energy meters and metering systems, received an offer from Coyote Bidco (a consortium consisting of investors including BlackRock Alternatives Management and Mubadala Investment Company) that was c.26% above the previous day's closing share price. Calisen's directors and KKR owned c.73% of the company and voted in favour of the deal; as such we believed limited acceptance would be required from the remaining shareholders to obtain the 75% supermajority required for the acquisition to go through. In addition we believed there would be no counter bid; as such we sold our position, making a c.30% return on our first exit. This transaction occurred within the first two weeks of SBO's launch and corroborated our belief that the UK public equity market had attractive investment potential.

Calisen provides energy meters and metering systems

As the UK government's vaccination rollout programme gained traction and as consumer confidence continued to improve, we began to increase exposure to the consumer discretionary sectors despite still being in the third lockdown at the time. For example, in March 2021, we invested in **SSP Group**, a leading global operator of food and beverage outlets in travel locations, principally airports and railway stations. At the time we believed that a combination of new equity and refinancing of existing debt would be required to repay near term maturing facilities, reduce its leverage and provide it with extra liquidity to survive a protracted lockdown scenario. The company then announced a rights issue and associated refinancing of debt facilities, which we participated in.

In May 2021, we introduced **Watches of Switzerland Group**, a retailer of luxury timepieces, into the portfolio. We are attracted to the firm's predominantly supply-constrained business model, which we believe should continue to drive demand for its products. Our position did well during the period, driven by a set of positive FY 2021 results and comments from the management team on a positive trading outlook for FY 2022.

On occasion some investments may not go as planned and we have to take difficult decisions. One example of this was with our holding in **IQE**. The entire semi-conductor space has seen significant growth throughout the pandemic period given our changing working practices and the accelerated pace of technological change. However when IQE's management guided to flat growth for H1 2021 we became concerned that aggressive competition was preventing the firm from benefiting from the secular growth trends that they are exposed to in 5G and 3D sensing. Our re-assessment of the investment case led to the disposal of the investment.

Equity Raises

A fundamental characteristic of SBO is to help companies maximise their potential growth by injecting fresh equity into their businesses. By the end of the period, which was only seven months after launch, the Company had already participated in six primary equity raises (three equity placings, one rights issue and two IPOs) and two secondary (one placing and one IPO). We mentioned earlier taking part in SSP Group's rights issue; below we discuss two further exciting examples:

In March 2021, we participated in the IPO of **Tinybuild Inc**, a global video games publisher and developer, which generates a portion of its revenues in the UK. The company is vertically integrating itself by incorporating video game development within its strategy, which means increasing its ownership of intellectual property; as such we expect it to generate higher margins in the future from better economics. Furthermore we believe that its successful track record of producing strong video game franchises, combined with its social media engagement, should enable it to continue to generate revenues as its titles mature. The company raised £36.2m in primary IPO proceeds, which will be used to fuel its strategy and fund future acquisitions.

Also in March, **Trustpilot Group**, the global online review company with an estimated 7.1% market share in the UK, listed on the London Stock Exchange, raising c.£47m in order to support its growth plans and reduce leverage. We took part in the listing and whilst the performance of its shares was disappointing on the first day of trading, its share price recovered to finish c.30% higher than its IPO price by the end of SBO's period end.

We see scope for companies to access the equity capital markets, and after the end of the period, we continued to deploy capital into various opportunities. For example In July 2021, we participated in the IPO of **LendInvest**, an asset management property finance platform providing bridging loans, development finance, and buy-to-let mortgages to intermediaries, landlords and developers across the UK. We think its prospects are exciting, as it is expected to grow its Funds Under Management materially over the next few years, which should enable it to match rising demand from borrowers. Whilst our pipeline of IPOs is strong, we also think a number of our existing companies could raise equity in the future to support their growth. To illustrate, after the period end, we took part in primary equity issuances by **Gym Group**, **Learning Technologies Group**, **Ascential** and **discoverIE Group**. All of these companies have been held in the portfolio since SBO's launch.

All in all, we have invested in eleven primary and two secondary public equity transactions since SBO's inception.

Positive And Negative Performers

As a reminder, the private equity investments within the Company's portfolio will be valued on a quarterly basis in line with the 'Unquoted Securities Valuation Policy'. The policy provides an objective, consistent and transparent basis for estimating the fair value of private equity investments in accordance with generally accepted valuation principles and procedures, and in particular the International Private Equity and Venture Capital Valuation Guidelines.

On 3 August 2021, that is, after the Company's period end, we confirmed that **Rapyd** was the portfolio company that had earlier announced its completion of a further funding round. This led to an unaudited uplift in the fair value of SBO's investment, and consequently, a 3.3 pence increase in the Company's NAV per ordinary share.

SBO's NAV per ordinary share rose by c.10% from launch to period end. Whilst the aforementioned uplift in Rapyd's valuation helped, the increase in the value of the Company's assets was primarily driven by the public equity sleeve of the portfolio. We discuss some of the contributors in further detail below:

A number of our portfolio companies exposed to the 'Repair, Maintenance & Improvement', housing, infrastructure and construction end markets saw their share prices rise significantly by as much as c.84%, driven by a series of strong results showing a consistent robust underlying demand environment that continued to be positive for pricing. As such, our investments in **Genuit Group** and **Volution Group** did extremely well for example, as did other holdings in the portfolio exposed to these themes. All of our holdings exposed to these varying end markets have different business models; however for Genuit Group and Volution Group specifically, we continue to believe they should benefit from strong regulatory tailwinds and conducive government policies over the long term.

Meanwhile **Trainline** was one of the main detractors of performance in the period. This was due to market fears following a proposal in the 'Williams-Shapps Plan for Rail' report, published in May 2021, that the government would create its own website and app to retail train tickets. The market assumed that this would result in material loss of market share for Trainline but didn't, in our opinion, take into account the opportunity for Trainline to provide white-label services to the government. The firm's share price fell by c.40% in the weeks following the release of the report, but our decision to hold at that point appeared to be validated, as the stock rebounded by c.14% from its lows by the end of the Company's period end. At the time of writing this commentary in September 2021, in total, the shares have rebounded c.43% since the lows hit after the report's release. We continue to monitor both the government's intentions and Trainline's responses and will react as appropriate as the situation becomes clearer.

Conclusion

Our intention in this Review is to provide the Company's shareholders with a comprehensive overview of the portfolio's progress since SBO's IPO in December 2020. Since then, many of our predictions about the market have been realised and we have delivered on deploying the capital in the way we intended. This is the start of a long journey and we have much to do. We intend to continue to expand the Company's private equity holdings whilst also ensuring the overall portfolio is adequately diversified across sectors, with a strong focus on sustainability, corporate governance and of course effective cash management.

Perhaps most importantly, we retain our optimism about the opportunities that lie ahead. The outlook for the UK economy is strong and in our view equity valuations remain very attractive relative to other global equity markets and asset classes. The UK small and mid cap market contains some of the best, most innovative growth companies in the world and we look forward to participating in their value creation.

Schroder Investment Management Limited

4 October 2021

Investment Portfolio as at 30 June 2021

Holding	Quoted/ unquoted	Country of incorporation	Industry Sector	Fair value £'000	Total investments %
Rapyd Financial Network	Unquoted	United Kingdom	Technology	6,667	10.3
Waterlogic	Unquoted	United Kingdom	Consumer Goods	3,928	6.1
Cera EHP S à r l	Unquoted	Luxembourg	Health Care	3,245	5.0
Graphcore	Unquoted	United Kingdom	Technology	2,896	4.5
Ascential	Quoted	United Kingdom	Consumer Services	2,451	3.8
Genuit	Quoted	United Kingdom	Industrials	2,246	3.5
Breedon	Quoted	Jersey	Industrials	2,200	3.4
Ibstock	Quoted	United Kingdom	Industrials	2,070	3.2
Learning Curve	Unquoted	United Kingdom	Consumer Services	2,032	3.2
National Express	Quoted	United Kingdom	Consumer Services	1,977	3.1
EasyPark	Unquoted	Norway	Technology	1,962	3.0
Bodycote	Quoted	United Kingdom	Industrials	1,907	2.9
GB	Quoted	United Kingdom	Technology	1,842	2.9
OSB	Quoted	United Kingdom	Financials	1,795	2.8
Learning Technologies	Quoted	United Kingdom	Technology	1,774	2.7
SSP	Quoted	United Kingdom	Consumer Goods	1,754	2.7
Watches of Switzerland	Quoted	United Kingdom	Consumer Services	1,746	2.7
Keywords Studios	Quoted	United Kingdom	Industrials	1,722	2.7
City Pub	Quoted	United Kingdom	Consumer Services	1,674	2.6
Trainline	Quoted	United Kingdom	Technology	1,662	2.6
The Gym	Quoted	United Kingdom	Consumer Services	1,604	2.5
Volution	Quoted	United Kingdom	Industrials	1,564	2.4
Euromoney	Quoted	United Kingdom	Consumer Services	1,493	2.3
Civitas Social Housing	Quoted	United Kingdom	Financials	1,465	2.3
Discoverie	Quoted	United Kingdom	Industrials	1,396	2.2
Victorian Plumbing	Quoted	United Kingdom	Industrials	1,345	2.1
Dalata Hotel	Quoted	Ireland	Financials	1,315	2.1
Trustpilot	Quoted	United Kingdom	Technology	1,298	2.0
Luceco	Quoted	United Kingdom	Utilities	1,254	1.9
EMIS Group	Quoted	United Kingdom	Technology	1,026	1.6
Ideagen	Quoted	United Kingdom	Technology	894	1.4
Judges Scientific	Quoted	United Kingdom	Industrials	727	1.1
TinyBuild	Quoted	United States	Technology	675	1.0
Blue Prism	Quoted	United Kingdom	Technology	556	0.9
Invinity Energy Systems	Quoted	Jersey	Technology	347	0.5
Total investments[1]				**64,509**	**100.0**

[1] **Total investments comprise:**

	£'000	%
Quoted on FTSE 250	23,428	36.3
Unquoted	20,730	32.1
Quoted on AIM	14,782	22.9
Quoted on FTSE All Share	4,254	6.6
Listed on a recognised stock exchange overseas	1,315	2.1
Total	**64,509**	**100.0**

Deriviative Financial Instruments	
Futures	
ICF FTSE 250 Index Futures September 2021	(212)
Total Futures	**(212)**
Total Investments and Derivative Financial Instruments	**64,297**

Investment Portfolio as at 30 June 2021

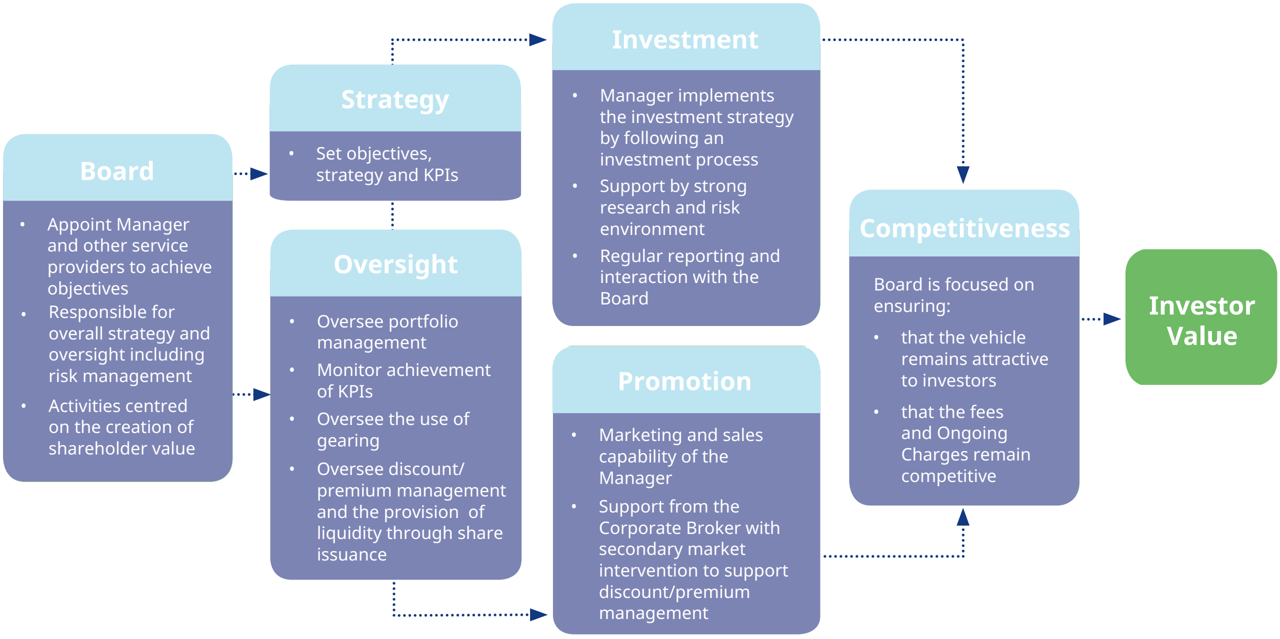
Material unquoted holdings (comprising more than 5% of the portfolio and/or included in the top ten)

Holding	Description of its business	Class of shares held	Cost of the investment £'000	Fair value £'000	Total income received in the period £'000	Turnover for the latest audited financial period[1] £'000	Pre-tax profit/ (loss) the latest audited financial period[1] £'000	Net assets attributable £'000
Rapyd Financial Network	Global Fintech company	Ordinary	3,297	6,667	–	–	–	6,389
Waterlogic	Global provider of purified drinking water dispensers	Ordinary	3,961	3,928	–	–	–	3,928
Cera EHP S à r l	Provides home care services for elderly people	Ordinary	2,954	3,245	–	46,180	(6,265)	619
Graphcore	Machine intelligence semiconductor business	Preference	2,975	2,896	–	3,327	(140,945)	1,084
Learning Curve	UK training and education specialist	Ordinary	2,173	2,032	–	–	–	2,032

[1]Where a nil value is presented, the Company does not have access to the underlying financial information, or the investee has not reported results for its first financial period.

Strategic Review

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



Business model

The Company is a listed investment trust, that has outsourced its operations to third party service providers. The Company has a fixed life and in the event that no alternative proposals are put forward to Shareholders and approved by Shareholders ahead of the winding-up date, and on or before a general meeting by 31 May 2028, a winding-up resolution will be proposed at the winding-up date to voluntarily liquidate the Company. The Articles require the Directors to put forward, at a general meeting of the Company to be held in the year 2028 but in any event no later than 31 May 2028, a Winding-Up Resolution to place the Company into voluntary liquidation.

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

Investment objective

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

Investment policy

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

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

The Company will focus on companies which the Portfolio Managers consider to be sustainable from an environmental, social and governance perspective, supporting at least one of the goals and/or sub-goals of the United Nations' Sustainable Development Goals ("SDGs"), or which the Portfolio Managers consider would benefit from their support in helping them incorporate SDGs into their business planning and/or in reporting their alignment with SDGs. The Company will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. The Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

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 and on pages 38 to 41 of the prospectus dated 10 November 2021.

Investment restrictions

The Company will invest and manage its assets with the object of spreading risk through the following investment restrictions:

- no more than 10 per cent. of Net Asset Value may be invested in any investee company;
- once fully invested, the Company's portfolio shall comprise no fewer than 30 holdings;
- private equity investments will be limited to 60 per cent. of Gross Asset Value;
- no more than 20 per cent. of Net Asset Value may be invested in investee companies which are not UK Companies;
- the Company may not take a controlling stake in any investee company, whether directly or indirectly, and:
  - in respect of public equity investments, the Company may own no more than 10 per cent. of the total voting rights of any investee company; and
  - in respect of private equity investments, the Company may own no more than 20 per cent. of the enterprise value of any investee company; and
- the Company will not invest more than 10 per cent. in aggregate of Gross Assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds.
- Additionally, in any event, the Company will itself not invest more than 15 per cent. of its Gross Assets in other investment companies or investment trusts which are listed on the Official List.

Unless otherwise stated, each of the above restrictions will be calculated at the time of commitment. Where the Company makes investments through one or more special purpose vehicles, owned in whole or in part by the Company or one of its affiliates (being an affiliate of, or person affiliated with, the Company, including a person that directly, or indirectly through one or more intermediate holding companies, controls or is controlled by, or is under common control with, the Company), the investment restrictions will be applied on a look-through basis.

Where the calculation of an investment restriction requires an analysis of underlying investments held by a fund in which the Company is invested, such calculation will be based on the information reasonably available to the Portfolio Managers at the relevant time.

The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets. However, the Portfolio Managers will regularly monitor the Company's portfolio and make adjustments from time to time in light of the above restrictions.

The Investment Portfolio on pages 9 and 10 demonstrates that, as at 30 June 2021, the Company held 35 investments spread over a range of industry sectors. The largest investment, Rapyd financial network, represented 10.3% of total investments. The Board therefore believes that the objective of spreading investment risk has been achieved.

Promotion

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

These activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website. The Board also seeks active engagement with investors, and meetings with the Chairman are offered to investors when appropriate.

During the restrictions related to the COVID-19 pandemic, the Manager instead used virtual meetings, telephone calls and webinars to engage with shareholders.

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

Details of the Board's approach to discount/premium management and share issuance may be found in the Chairman's Statement on page 3 and in the Annual General Meeting – Recommendations on page 61.

Relations with shareholders

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

In addition to the engagement and meetings held during the period described on page 12, the chairs of the Board and committees and the other Directors, attend the AGM and are available to respond to queries from shareholders.

Strategic Review

Key Performance Indicators

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

- NAV performance;
- Share price discount control;
- Premium management; and
- Ongoing charges ratio.

Some KPIs are Alternative Performance Indicators (APIs), and further details can be found on page 2 and definitions of these terms on page 65.

Purpose, Values and Culture

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

The Company's culture is driven by its values: Excellence, Integrity and Transparency, with collegial behaviour and constructive, robust challenge. The values are all centred on achieving returns for shareholders in line with the Company's investment objective. The Board is responsible for setting culture and communicating its values to its stakeholders by demanding high standards from service providers in order to deliver excellent performance for shareholders. The Board's view is that good ESG management is an essential element of the sustainability of a company's business model and therefore key to generating long term shareholder value. Further details on ESG company engagement can be found on page 18.

The focus is on long term growth rather than providing investors with dividend income.

Acting with high standards of integrity and transparency the Board is committed to encouraging a culture that is responsive to the views of shareholders and its wider stakeholders. As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations.

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

Responsible investment

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

For further detail on engagement and stewardship can be found on page 20.

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

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

The Board has received reporting from the Manager on the application of its policy.

Corporate and Social Responsibility

Diversity

As at 30 June 2021, the Board comprised three men and one woman. The Board has adopted a diversity and inclusion policy. With respect to recruitment of non-executive Directors, the Company will not discriminate on the grounds of gender, social and ethnic backgrounds or cognitive and personal strengths. It will encourage any recruitment agencies it engages to find a diverse range of candidates that meet the objective criteria agreed for each appointment. Appointments will always be based on merit alone. Candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board taking into account the criteria for the role being offered.

Financial crime policy

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

Greenhouse gas emissions and energy usage

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

Section 172 Companies Act 2006 statement

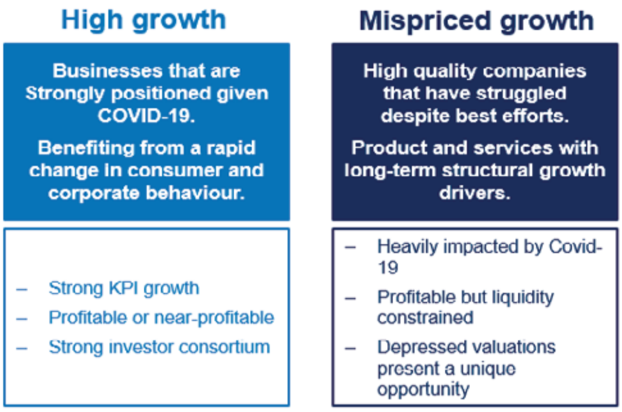
During the period, the Board discharged its duty under section 172 Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and having regard to the interests of its stakeholders. The Board has identified its key stakeholders as the Company's shareholders, service providers and investee companies. The Board notes that the Company has no employees and the impact of its own operations on the environment and local community is through the impact its service providers or investee companies have. The Company has only been trading for 7 months and has therefore had limited opportunity to meet all its stakeholders, including shareholders and a fuller report will be provided in the next report and accounts.

The Board recognises that engagement with key stakeholders assists the Board in meeting the obligation for Directors to act in a way that promotes the success of the Company, taking into account their interests. This statement outlines this engagement and the impact on decision making where appropriate, and cross-refers to the decisions made by the Board during the period, detailed elsewhere in this report and accounts. As stated in the Chairman's Statement, the Board recognises the importance of growing the Company as well as managing any discount in the Company's shares. To this end resolutions will be put to shareholders at the AGM to seek authorities both to issue new shares and buy back existing shares (see notice of AGM on page 62). As detailed in "Promotion" on page 12 and Relations with Shareholders on page 12, the Company encourages engagement with its shareholders. The Board will take into account feedback by shareholders when making key decisions in future. As detailed in "Purpose, Values and Culture" on page 13, the Board engages with service providers, and receives regular reporting, either directly, or through the Manager or Company Secretary, on performance and other matters. The Management Engagement Committee report further details the engagement with service providers undertaken by that committee during the period. The Investment policy on the inside cover of this report and accounts, the Chairman's Statement and the Company's approach to sustainability on pages 18 to 19 of the Strategic Report explain the importance of evaluating ESG matters when assessing the sustainability of business models and the role this plays when the Portfolio Managers make investment decisions. The Portfolio Managers' engagement with investee companies in connection with ESG matters is also described in the Strategic Report on page 20.

Investment approach

The Company's investment objective and policy are set out in the inside front cover. The Company is philosophically ownership-agnostic in the sense that its strategy is to invest in both public and private companies. The Company, having been advised by the Portfolio Managers, believe the best UK Companies, regardless of their ownership structure, can benefit from equity investment to facilitate and drive growth through the pandemic and beyond.

The chart below highlights the current two key areas of focus of the Company's investment approach, namely (i) high growth and (ii) mispriced growth.



In this way, the Company will focus on investing in high quality, sustainable businesses. These companies may either require additional equity to maximise their growth potential or to return them to their previous growth trajectory. Based on the Portfolio Managers' analysis the Company believes that some of these high quality companies are trading at attractive valuations and believes, having been advised by the Portfolio Managers, that they would benefit from equity financing. Through the Portfolio Managers, the Company will engage with investee companies on these issues with the overall objective of delivering shareholder value both for those businesses and the Company.

Investment process

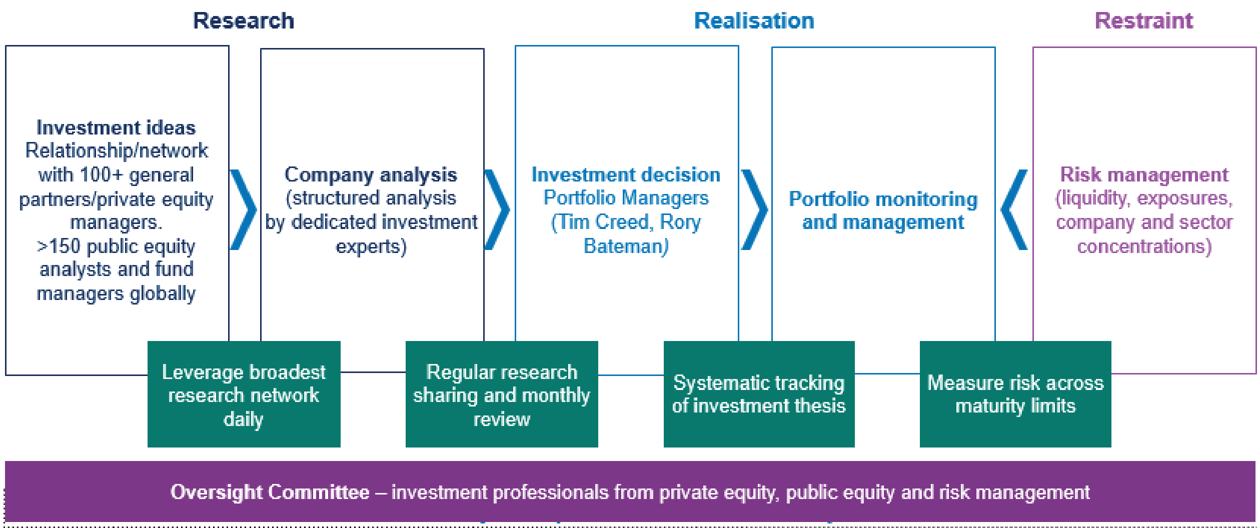
The Company's portfolio is managed by the Portfolio Managers, who employ a collaborative, team-based approach, creating a combination of Schroders' public and private equity capabilities with oversight in place. The Company believes that it is appropriate for the Portfolio Managers to separate the investment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

Private equity investment process

The private equity investment process will begin with high quality deal sourcing, a vital ingredient which is fundamental to long-term success. Identifying the most attractive private equity investments through proactive deal sourcing is essential to successful private equity investing. The investment team will therefore spend considerable time on this activity by working closely with Schroders' extensive network of investment professionals and industry experts. Sourcing efforts are further enhanced by technology, including advanced proprietary tools, internal databases and third-party information services.

Each potential investment will be logged in Schroder Capital's IT system and recorded. An assessment of whether the investment opportunity meets the key criteria for inclusion in the trust will be undertaken early on to ensure a proposal is suitable and conforms to the investment policy and objectives. A project team will be formed and tasked with undertaking initial due diligence allowing an established and systematic assessment of the opportunity before presenting its findings in a standardised and structured form.

If it is deemed a suitable investment, within the scope of the Company, the wider team will then debate the pros and cons of the specific transaction and provide further challenge or support before a collective decision is made on whether an



investment opportunity is compelling enough to enter the prequalification stage and be submitted to the Schroders Private Equity Investment Committee for consideration.

Investment opportunities that enter the pre-qualification stage are assessed and vetted through a rigorous due diligence process. This comprehensive process will include an assessment of a company's:

- Positioning in the market.
- Technology differentiation.
- Scale of market opportunity.
- Competitive landscape.
- Management breadth, depth and experience.
- Strength of the existing financing syndicate.
- Prospective financing needs.
- Underlying modelling assumptions.
- Exit route, options and plan.
- Proposed terms and valuation.

A selection of the Private Equity Investment Committee members will undertake a one-to-one focused review of each opportunity with the project team. This will enable members of the investment committee to be able to fully interrogate the quality of the underlying proposal. This process will allow more detailed questions to be raised, considered and debated such that the project team can identify outstanding concerns. Any focus areas raised can then be investigated and evidenced. On completion of this phase a further debate by the team will take place on the merits of the underlying company and the opportunity.

This comprehensive and inclusive process will determine whether the team elects to present an investment recommendation to the Private Equity Investment Committee or if instead the team decides to reject the opportunity.

Investment projects brought to the Private Equity Investment Committee for approval will need unanimous approval by the investment committee to proceed to the legal and formal investment closing process.

A high-level overview of the private equity investment process is outlined in the diagram on the previous page.

The private equity investments will have the following characteristics:

- Growth and buyout investments.
- Combination of direct and co-investments.
- Significant buy-and-build and rollout strategies within the private portfolio.
- Opportunities sourced through Schroders' and Schroder Capital's networks.
- Investing alongside general partners/co-investors ensuring alignment.

It is possible that the Company may enter into a warehouse transaction whereby it may agree to acquire a larger stake in a private equity investment than it plans to acquire for the purpose of holding it as an investment in the Company's portfolio in the long term, and instead, sell off or syndicate a part of such acquired investment onto other third party investors during the initial few months of its ownership of that investment.

The entering into of any warehouse transaction would be subject to the investment restrictions and limits contained in the Company's investment policy. The Company, having been advised by Schroder Capital, envisages that a warehouse transaction would only be entered into by the Company in the circumstances where Schroder Capital considers this to be beneficial to the Company in order to be able to access a particular private equity investment which it would otherwise not have been able to access due to a minimum initial investment size required in order to gain access to it.

Public equity investment process

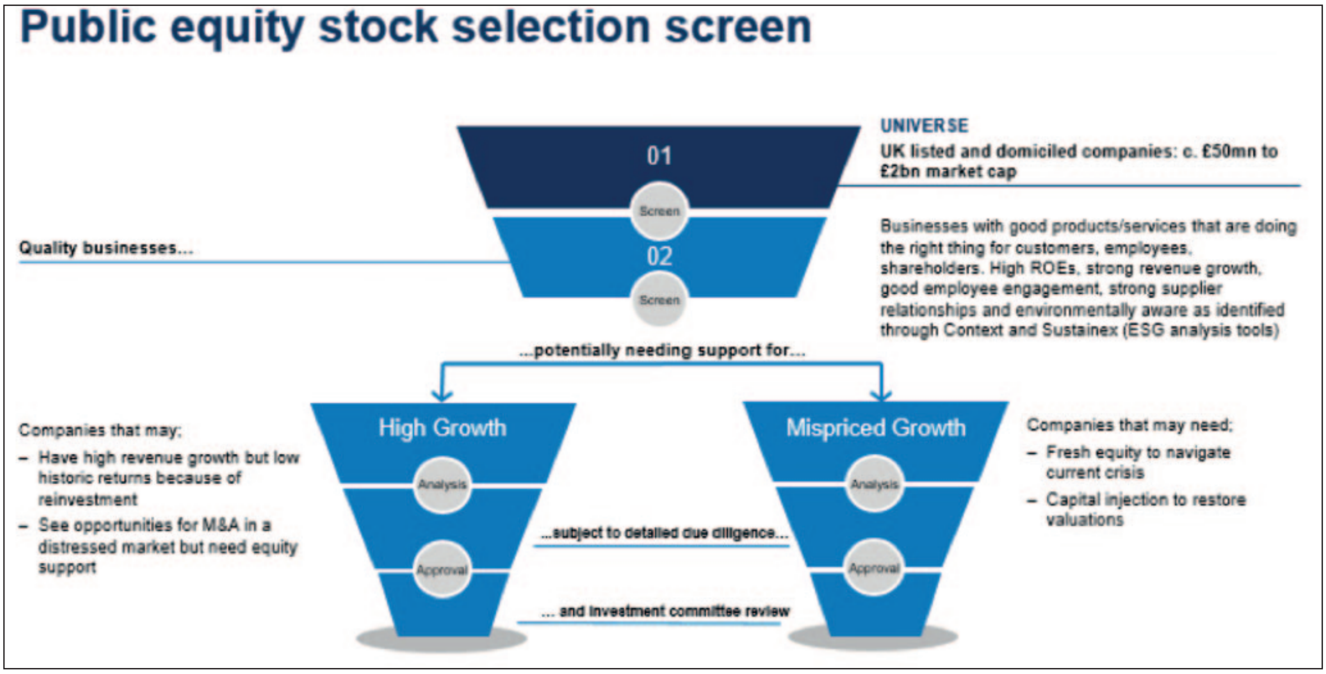
The Portfolio Managers will select public equity stocks for the Company based principally on ideas generated by Schroders' in-house research capability, but also by making selective use of Schroders' network of contacts, and of sell-side research.

The public equity portion will adopt an initial screen to narrow down the universe into high growth and mispriced opportunities. These companies will then be subject to detailed due diligence. The public equity stock selection process is outlined below:

Ideas that are successful after detailed due diligence will be brought to the Public Equity Investment Committee for review. The Public Equity Investment Committee has been specifically established for the purpose of considering public equity investments proposed to be made by the Company. Members are required to bring their investment ideas to the committee, which will be challenged for inclusion in the portfolio.

Public equity investments will include the following:

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



Sustainability at Schroders

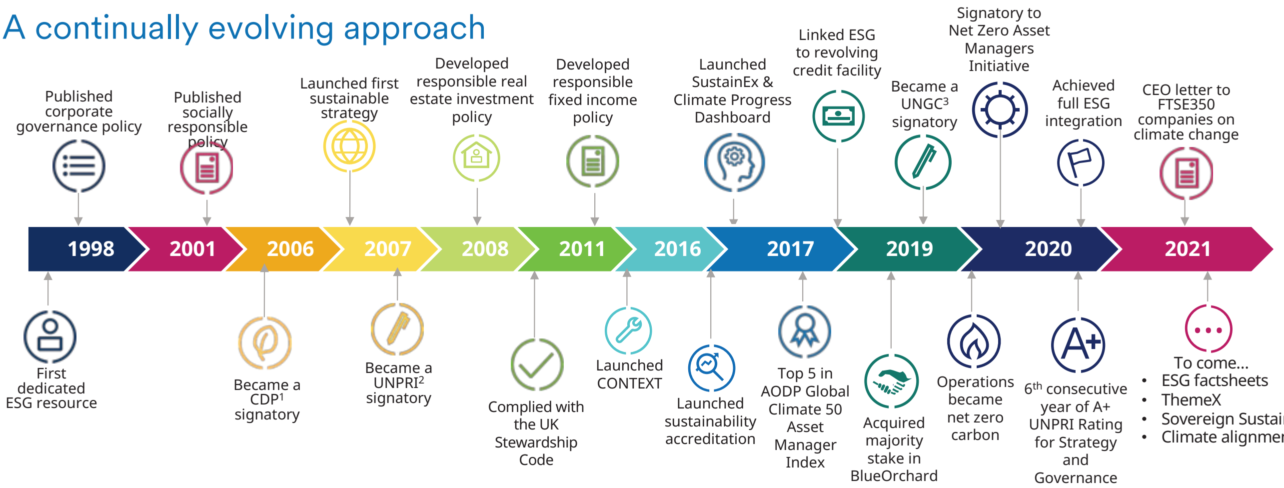
Issues like climate change are quickly becoming defining drivers of the global economy, society and financial markets, and will become increasingly important in coming years. Investors no longer have a choice over whether to seek exposure to ESG risks or opportunities; all companies and portfolios will be impacted. Initiatives like the United Nations' Sustainable Development Goals ("SDGs"), and the focus this has attracted across the investment industry, reflect the widening intersection between social priorities and investment goals.

Schroders has long recognised both the importance of examining the impacts of social and environmental trends on the companies that it invests in, and the role investors can play in helping to address those challenges. In 2020, Schroders committed to integrating ESG analysis into all investment processes and provide the information its clients need to assess portfolio exposures.

The timeline below details how Schroders has evolved its approach to sustainability over time and its experience and expertise.

Sustainability at Schroders

A continually evolving approach



'Issues such as climate change, resource scarcity, population growth and corporate failure have put responsible investment at the forefront of investors' minds. We believe that companies with a strong environmental, social and governance ethos tend to deliver better results for our clients.'

Peter Harrison, Group Chief Executive, Schroders plc

Source: Schroders, January 2021
[1]Carbon Disclosure Project. [2]UN Principles for Responsible Investing. [3]UN Global Compact

Schroders

The Company's Approach to Sustainability

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

We focus on companies that are considered to be sustainable in terms of both the longevity and durability of their businesses, as well as their environmental, social and governance behaviours. We achieve this through SDG alignment and adoption of best ESG practices.

How ESG Is Integrated In The Company's Investment Process

Pre investment process	Post investment process
We use a three step process when appraising a potential investment along ESG lines. This is described below:	Following investment, we carry out the below as shareholders of the business:
1. *Ethical screening* • From the outset we immediately screen out companies operating in 'sin' industries such as fossil fuels, tobacco, alcohol, weapons and gambling.	1. *Active stewardship* • We seek to influence corporate behaviour through direct engagement and/or proxy voting. We will engage and vote on any issue affecting the long-term sustainable value of our portfolio companies. See 'Engagement and Stewardship' below to see how we voted during the period.
2. *Sustainable investing* • We intend to seek companies whose business models are aligned with at least one of the UN SDGs or one of the sub-goals. However not every attractive investment will meet this criteria. For such companies in particular, if we believe the fundamental and structural drivers of the business are sound, we would then invest with the intention to contribute to the development of the firm's ESG credentials. For example we may believe there is scope to encourage management teams to improve reporting on areas such as diversity or greenhouse gas emissions.	2. *Monitoring* • We monitor the ESG performance of our investments throughout our time as shareholders, and assess if companies have responded to our requests for change. • If we feel we do not have enough information, or have identified gaps in companies' awareness or management of their ESG risks and opportunities, we establish dialogue with that firm. • We also undertake re-active engagement as a result of any negative incident involving one of our investments, in order to understand why it may have occurred, the actions the company is taking as a result, and what the current and future risks may be. • Finally, to ensure that we consider all potential ESG concerns, where available, we examine the external ESG ratings for our portfolio companies on an annual basis. Companies with a downward trend in ratings may indicate potentially higher ESG risk and therefore be flagged up for further engagement.
3. *ESG integration* • Following this, we assess companies' ESG risks and opportunities, identify gaps in their awareness or management of ESG factors, and examine their external ratings. In doing so, we are able to determine how we could add value were we to be shareholders. • The core of our ESG evaluation stems from a number of Schroders' proprietary quantitative research tools, such as CONTEXT, SustainEx and World-Check: – CONTEXT provides a systematic framework for analysing a company's relationship with its key stakeholders, thus assessing the sustainability of its business model; – SustainEx quantifies the positive and negative impacts on the environment and society; and – World-Check is a service that conducts contracting party risk assessment.	

Engagement & Stewardship

Extensive engagement with portfolio companies

As part of our process, we meet with company management teams in advance of investing. We maintain this engagement throughout the life of our investment. Our work here is aided by our internal resource of 17 dedicated ESG analysts. We take pride in our level of engagement with companies. Our brand, as well as extensive analytical resource affords us the ability to regularly engage with companies on all aspects of corporate strategy, including ESG matters.

From an engagement standpoint, as Portfolio Managers, we wrote to a number of our public equity portfolio companies, with the focus being a variety of topics involving environmental, social and governance matters. Three engagement topics for each category were then focused on. For environmental matters the focus areas were disclosure of environmental data, commitment to net-zero emissions and setting science-based emissions targets. For social this was diversity and inclusion, organisational policies and practices and employee engagement. For governance the emphasis was on board diversity, executive remuneration and ESG accountability.

We were pleased to see a number of our investments make progress with their ESG efforts during the fiscal period. For example:

- **Volution Group** reported in April 2021 that it had been awarded 'The Green Economy Mark' by the London Stock Exchange, which is given to companies that drive more than 50% of their revenue from environmental solutions. The firm joined our other investments, Invinity Energy Systems, National Express and Genuit Group as a holder of this accreditation.
- **Keywords Studios, Ascential** and **Breedon Group** improved the diversity of their boards with various appointments of female Non Executive Directors, whilst **Euromoney Institutional Investors** appointed a female Independent Non Executive Director from an ethnic minority background.

We aim to continue engaging with our portfolio companies on all matters regarding ESG to ensure that the management teams are committed to responsible business practices. We use our power as shareholders to vote and register our approval or disapproval of management's actions. During the fiscal period, the Company:

- voted at 19 AGM meetings and 3 EGM meetings;
- voted *with* management on 333 out of 341 resolutions, or c.98% of all resolutions;
- voted *against* management on 8 out of 341 resolutions, or c.2% of all resolutions. Topics that we ruled against included the reappointment of over boarded directors, management remuneration policies with no clawback provisions, as well as other poor remuneration practices.

Going forward, as we manage the portfolio, we aim to continue with the good progress made so far on ESG matters. Specifically, we intend to:

- actively encourage companies to become more environmentally responsible;
- determine how management teams are creating diverse, inclusive and equitable organisations;
- understand how our investee companies are impacting society positively; and
- hold the boards of companies in our portfolio to high corporate governance standards.

We look forward to providing you with an update on our progress in our next report.

ESG at work in the Portfolio

United Nations' Sustainable Development Goals

As mentioned above, in line with the Company's investment policy, we target companies that support at least one of the UN SDGs. The below table serves to illustrate which SDGs are aligned to a sample of our investee companies:

Private Company	Select SDGs*		Public Company	Select SDGs*
Rapyd	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES		National Express Group	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Cera	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH		Volution Group	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Learning Curve Group	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH		SSP Group	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waterlogic	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION		discoverIE Group	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
Easypark	11 SUSTAINABLE CITIES AND COMMUNITIES		The Gym Group	3 GOOD HEALTH AND WELL-BEING

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

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the audit and risk committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to regular, robust review. The last review took place in September 2021.

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

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

Emerging risks and uncertainties

During the period, the Board also discussed and monitored a number of risks that could potentially impact the Company's ability to meet its strategic objectives. These included political risk, climate change risk and COVID-19-related risks. The Board receives updates from the Manager, Company Secretary and other service providers on other potential risks that could affect the Company.

Risk	Mitigation and management
Strategic risks The Company's investment objectives may become out of line with the requirements of investors, or the Company's investment strategy might not lead to the Company achieving its investment objective resulting in the Company being subscale and shares trading at a discount.	The appropriateness of the Company's investment remit is regularly reviewed and the success of the Company in meeting its stated objectives is monitored. The share price relative to NAV per share is monitored and the Board has undertaken a capital reduction to facilitate a buy-back programme should this be required.
The Company has a fixed life. In the event that no alternative proposals are put forward to shareholders, or such proposals are not approved by shareholders, the Company will commence winding up in 2028. It could take several years until all of the Company's private equity investments are disposed of and any final distribution of proceeds made to shareholders.	The private equity managers have extensive experience and a track record in accurately timing the exits of private equity investments. The Board will regularly monitor the position to ensure that any alternative proposals to be made to shareholders are put forward at an appropriate time.
Market risks Underlying investee companies within the Company's portfolio may experience fluctuations in their operating results due to fluctuations in market or general economic conditions (including changes to interest rates, inflation, changes in laws and regulations). These would in turn affect the performance of the Company.	The Manager adopts an active management approach and focuses on sustainable businesses capable of generating long-term returns for shareholders. The Manager has used futures contracts to ensure the Company was fully invested despite some cash being retained to invest in private equity companies. At each Board meeting the Board reviews a report from the Portfolio Managers on the performance of the Company's investments and market outlook.
The Company's shares may not trade in line with NAV, depending on factors such as supply and demand for the Company's shares, market conditions and general investor sentiment. The operation of the Company's policy to manage any discount could result in the Company's operating charges ratio becoming excessive.	The marketing and distribution activity is regularly monitored by the Board. The Manager and broker engage proactively with shareholders.
Valuation risks Private equity investments are generally less liquid and more difficult to value than publicly traded companies. A lack of open market data and reliance on investee company projections may also make it more difficult to estimate fair value on a timely basis.	Contracts are drafted to include obligations to provide information with investee companies are in a timely manner, where possible. The Portfolio Managers have an extensive track record of valuing privately held investments. The audit and risk committee reviews all valuations of unlisted investments on a quarterly basis and challenges methodologies used by the Portfolio Manager.

Risk	Mitigation and management
Liquidity risks Liquidity risks include those risks resulting from holding private equity investments as well as not being able to participate in follow-on fundraises through lack of available capital which could result in dilution of an investment.	Concentration limits are imposed on single investments to minimise the size of positions. The Investment Managers consider liquidity risk when selecting investments. The Portfolio Managers will seek to manage cashflow such that the Company will be able to participate in follow up fundraisings where appropriate. The investment in private equity companies will be limited to no more than 60% of the Company's gross assets at the time an investment commitment is made.
Outsourced service provider risks The Company has no employees and the Directors have been appointed on a non-executive basis and the Company is reliant upon the performance of third-party service providers. Failure of any of the Company's service providers to perform in accordance with the terms of its appointment, to protect against breaches of the Company's legal and regulatory obligations such as data protection, or to perform its obligations at all as a result of insolvency, fraud, breaches of cyber security, failures in business continuity plans or other causes, could have a material detrimental impact on the operation of the Company. The AIFM, the Portfolio Managers, the Depositary, the Company Secretary and the Administrator will be performing services that are integral to the operation of the Company and any of the Company's service providers could terminate their contract.	Experienced third party service providers are employed by the Company under appropriate terms and conditions and with agreed service level specifications. The Board receives regular reports from its service providers and the Management Engagement Committee will review the performance of key service providers at least annually. The audit and risk committee reviews reports on the external audits of the internal controls operated by certain of the key service providers.
The Company's investment portfolio is managed by the Manager and, in particular, is led by two key individuals. Loss of a portfolio manager could affect performance and market sentiment leading to a widening discount of the share price compared with the NAV.	The Board regularly considers key man risk and seeks assurances concerning the depth of expertise of the investment management teams which manage the Company's portfolio. The Board receives assurances regarding the Manager's incentive arrangements and succession planning.
Legal and Regulatory risks Changes to the framework of regulation and legislation (including rules relating to listed closed-end investment companies or loss of the exemption for investment trusts from UK tax on chargeable gains) within which the Company operates could have a material adverse impact on the Company.	The Company Secretary, Manager and auditor appraise the Board of any prospective changes to the legal and regulatory framework so that requisite actions can be planned.

Risk assessment and internal controls review by the Board

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

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

An analysis of the financial risks facing the Company is set out in note 21 to the accounts on pages 57 to 58.

Strategic Review

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until 31 October 2022, 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.

In reaching this assessment the Directors have considered the principal risks, the impact of the emerging risks and uncertainties including those posed by COVID-19 and the matters referred to in the viability statement. They have additionally considered the liquidity of the Company's portfolio of listed investments, the Company's cash balances and the forecast income and expenditure flows as well as commitments to provide further funding to the Company's private equity investee companies; the Company currently has no borrowings. A substantial proportion of the Company's expenditure varies with the value of the investment portfolio. In the event that there is insufficient cash to meet the Company's liabilities, the listed investments in the portfolio may be realised and the Directors have reviewed the average days to liquidate the listed investments. The Company is a closed-end investment trust and there is no requirement to redeem or buy back shares. The Company has additionally performed stress tests which confirm that a 50% fall in the market prices of the portfolio would not affect the Board's conclusions in respect of going concern.

Viability statement

In accordance with the AIC Code the Board has considered the longer term prospects for the Company beyond the twelve months required to assess the Company's ability to continue as a going concern. The Board believes that a period of five years reflects a suitable time horizon for strategic planning, the investment cycle of private equity and the longer term view taken by the Portfolio Managers and investors; this period is in line with the Company's Key Information Document.

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

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

The Directors have considered each of the Company's principal and emerging risks (including those posed by the COVID-19 pandemic) and uncertainties detailed on pages 22 and 23 and, in particular, the impact of a significant fall in equity markets on the value of the Company's investment portfolio. The Directors have, furthermore, considered the Company's projections of income and expenditure as well as any commitments to provide funding to investee companies. They have noted that the Company's investment portfolio will continue to comprise a significant proportion of highly liquid listed equities which can be readily realised and that a substantial proportion of the Company's operating expenses vary with the value of the investment portfolio. As stated in Going Concern above, the Company is a close-end investment trust and there is no requirement to redeem or buy back shares. A stress test to evaluate the consequences of a 50% reduction in the market value of the Company's investments over the five year period has also been evaluated.

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

4 October 2021

Board of Directors

Neil England

Status: Independent non-executive Chairman

Length of service: appointed a Director and Chairman in November 2020.
Neil has held a number of leadership roles in manufacturing, sales, marketing and general management across sectors including food, FMCG (fast moving consumer goods), distribution and technology. Neil was Vice President of Mars Incorporated; Group Chief Executive at The Albert Fisher Group Plc and Group Commercial Director at Gallaher Group Plc. Additionally he started two technology businesses and has advised on others. Neil has been Chairman of a number of companies and in the past three years these have included ITE Group Plc, Blackrock Emerging Europe Plc and four private businesses. He is currently the chairman of Augmentum Fintech plc (a specialist venture capital investment company) and a private equity backed software business.

Neil has extensive international business expertise in public and private companies varying in size from start-ups to global corporations. He is an experienced Chairman.

Committee membership: audit and risk, management engagement and nominations committees (Chair)
Current remuneration: £40,000 per annum
Number of shares held: 10,000*

Diana Dyer Bartlett

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

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

Diana has a strong financial background and her listed company experience make her a valuable member of the Board.

Committee membership: audit and risk (Chair), management engagement and nominations committees
Current remuneration: £35,000 per annum
Number of shares held: 20,000*

Board of Directors

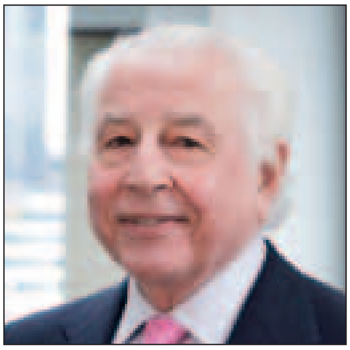
Tim Jenkinson

Status: Independent non-executive Director

Length of service: appointed a Director in November 2020
Tim is Professor of Finance at the Saïd Business School, University of Oxford, Director of the Oxford Private Equity Institute and one of the founders of the Private Equity Research Consortium. Tim's research has won many awards, including the 2016 Harry Markowitz Prize (from the Journal of Investment Management for his work on private equity), the 2015 Commonfund Prize (for the paper with the most relevance to institutional investors) and a 2014 Brattle Group Prize (awarded by the American Finance Association for the best research on corporate finance). He is also a Professorial Fellow at Keble College, University of Oxford and a Research Associate of the European Corporate Governance Institute. Tim is a partner at the European economic consulting firm Oxera, through which he has consulted for a large number of companies, regulators, government agencies and industry associations. He has previously held board positions in several funds and companies, including PSource Structured Debt Limited, the US financial services firm DFC Global Corporation and the German utility comparison firm Verivox GmbH. In 2016 Tim was appointed as a Specialist Advisor to the Culture, Media and Sport Select Committee of the UK Parliament.

Tim is an experienced researcher, teacher and presenter, and teaches executive courses on private equity, entrepreneurial finance, and valuation.

Committee membership: audit and risk, management engagement and nominations committees
Current remuneration: £30,000 per annum
Number of shares held: none.



Christopher Keljik, OBE

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

Length of service: appointed a Director in November 2020
Christopher was with Standard Chartered plc for most of his executive career serving in Singapore, New York, Hong Kong and London. At retirement he was the Group Executive Director with responsibilities for Africa, the Middle East, South Asia, Europe and the Americas. Christopher was senior independent director of F&C Investment Trust plc, Millennium and Copthorne Hotels plc and Schroder Asian Total Return Investment Company plc (formerly Henderson Asian Growth Trust plc). Christopher has also held non-executive director positions on a number of other companies including Sanditon Investment Trust plc, Waverton Investment Management Limited and Jardine Lloyd Thompson Group plc. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Christopher's background in finance, and experience through a variety of executive and non-executive roles makes him an advantageous member of the Board.

Committee membership: audit and risk, management engagement (Chair) and nominations committees
Current remuneration: £30,000 per annum
Number of shares held: 106,477*

*Shareholdings are as at 4 October 2021, full details of Directors' shareholdings are set out in the Remuneration Report on page 38.

Directors' Report

The Directors submit their report and the audited financial statements of the Company for the period which commenced on 21 September 2020 and ended on 30 June 2021.

Directors and officers

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 3. He has no conflicting relationships.

Company Secretary

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

Role and operation of the Board

The Board (of four Directors, listed on pages 25 and 26) is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Strategic Report on pages 11 to 24 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

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

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

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

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

Key service providers

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

Manager

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

SUTL is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the AIFM agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting, administration and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited ("SIM"). The Manager has in place appropriate professional indemnity cover. Private investments are managed by Schroders' specialist private equity team, Schroder Capital. Schroder Capital has over 20 years' experience successfully investing in companies, both directly via direct co-investment and through funds. They manage over $11.7 billion of assets under management across several specialist strategies. The private portion of the Company's portfolio is managed by Tim Creed, Schroder Capital's Head of European Private Equity. Tim is a member of the firm's Global Investment Committee and he is supported by a sizable team of private equity investment professionals that are committing a substantial amount of their time to the portfolio.

The Schroders Group manages £700.4 billion (as at 30 June 2021) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

Directors' Report

Management fee

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

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

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

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

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

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

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

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

Details of all amounts payable to the Manager are set out in note 18 to the accounts on page 56.

The Company may make private equity investments through underlying investment vehicles in respect of which the AIFM or other members of the Schroders group may receive fees. In such circumstances, the AIFM will not charge any fees to the Company in respect of such investment. In addition, the AIFM will take all reasonable steps to ensure that any fee charged by an underlying investment vehicle does not exceed a fee that is approximately 15 per cent. on gains over a hurdle that is, as far as reasonably practicable, commensurate with the Performance Hurdle.

The AIFM shall also be entitled to a company secretarial and administrative fee from the Company, equal to the lower of: (i) 0.2 per cent. per annum of the quarterly cum income Net Asset Value; and (ii) £250,000 per annum, paid quarterly in arrears on the last Business Day of March, June, September and December.

Details of all amounts payable to the Manager are set out in note 18 to the accounts on page 56.

Depositary

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

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

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

Compliance with the AIC Code of Corporate Governance

The Board of the Company has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the FRC's UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, provides more relevant information to shareholders. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adopts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. The FCA requires all UK listed companies to disclose how they have complied with the provisions of the UK Code. This statement, together with the Statement of Directors'

Directors' Report

Responsibilities, viability statement and going concern statement set out on page 34, respectively, indicates how the Company has complied with the principles of good governance of the AIC Code and its requirements on internal control. The Strategic Report and Directors' Report provide further details on the Company's internal controls (including risk management), governance and diversity policy.

The Board is satisfied that the Company's current governance framework is compliant with the AIC Code except in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive directors, the appointment of a Senior Independent Director is not considered necessary. However, the chairman of the audit and risk committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Also, the nomination committee is responsible for reviewing Directors' remuneration and as such there is no separate remuneration committee.

Revenue, final dividend and dividend policy

The net revenue loss for the period, after finance costs and taxation, was £433,000, equivalent to a revenue loss per ordinary share of 0.58 pence.

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

Committees

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

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

Other required Directors' Report disclosures under laws, regulations, and the Code

Status

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

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

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

Share capital and substantial share interests

As at 30 June 2021, the Company had 75,000,000 ordinary shares of 1p in issue. No shares were held in treasury. Accordingly, the total number of voting rights in the Company at 30 June 2021 is 75,000,000. Details of changes to the Company's share capital during the reporting period under review are given in note 13 to the accounts on page 55.

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

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

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

	As at 30 June 2021	% of total voting rights
Schroders plc	21,151,996	28.203%
East Riding Of Yorkshire Council	15,000,000	20%

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

Governance

Directors' Report

Provision of information to the auditor

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

Directors' attendance at meetings

The number of scheduled meetings of the Board and its committees held during the reporting period and the attendance of individual Directors is shown below. No management engagement or nomination committee meetings were held during the period, but both committees met after the period end.

Director	Board	Audit and Risk Committee
Neil England	4/4	2/2
Diana Dyer Bartlett	4/4	2/2
Tim Jenkinson	4/4	2/2
Christopher Keljik	4/4	2/2

Directors' and officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place for the Directors throughout the period. The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the court. This indemnity is a qualifying third party indemnity policy and was in place throughout the period under review for each Director and to the date of this report.

By order of the Board

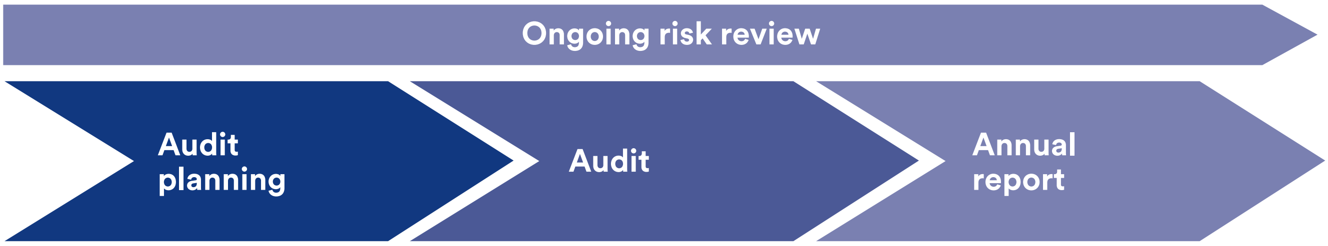
Schroder Investment Management Limited
Company Secretary

4 October 2021

Audit and Risk Committee Report

The responsibilities and work carried out by the audit and risk committee during the reporting period under review are set out in the following report. The duties and responsibilities of the committee, which include monitoring the integrity of the Company's financial reporting and internal controls, are set out in further detail below, and may be found in the terms of reference which are set out on the Company's webpages, www.schroders.com/sbo.

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



Approach

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

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

Audit and Risk Committee Report

The committee identified no significant issues during the committee's review of the Company's principal risks and uncertainties. The below table sets out how the committee discharged its duties during the period and up until the approval of this report. The committee met two times during the reporting period. Further details on attendance can be found on page 30. An evaluation of the committee's effectiveness and review of its terms of reference was completed as part of the Board and committee evaluation process.

Application for the reporting period, undertaken in September 2021		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Service provider controls Consideration of the operational controls maintained by the Manager, depositary and registrar.	**Valuation and existence of holdings** Considered reports from the Manager and Depository, including a quarterly report and one at the period end. The committee has reviewed the valuation methodologies used for both listed and each of the unlisted investments.	**Meetings with the auditor** The auditor attended meetings to present their audit plan and the findings of the audit. The Committee met the auditor without representatives of the Manager present.
Recognition of investment income Reviewed consideration of dividends received against forecast and the allocation of special dividends of which there are none to income or capital. The Committee took steps to gain an understanding of the processes to record investment income that dividends paid by any investee companies held at any time during the period had been recorded and, where appropriate, collected.		**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports and presentations on these controls.	**Calculation of the investment management fee and performance fee** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditor independence** Ernst & Young LLP has provided audit services to the Company since it was appointed on 19 May 2021. This is the first year that Ernst & Young LLP will be undertaking the Company's audit and were selected due to their experience in the sector. The auditors are required to rotate the senior statutory auditor every five years. This is the first year that the senior statutory auditor, Caroline Mercer, has conducted the audit of the Company's financial statements. There are no contractual obligations restricting the choice of external auditors.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the report and accounts** Consideration of the draft report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.

Audit and Risk Committee Report

Application for the reporting period, undertaken in September 2021		
Risks Management and Internal Controls	**Financial Reports and Valuation**	**Audit**
Principal risks Reviewed the principal and emerging risks together with key risk mitigations. The Committee additionally has also adopted a risk appetite statement.	**Fair, balanced and understandable** Reviewed the report and accounts to advise the Board whether it was fair, balanced and understandable. Reviewed whether performance measures were reflective of the business, whether there was adequate commentary on the Company's strengths and weaknesses and that the report and accounts, taken and a whole were consistent with the Board's view of the operation of the Company.	**Provision of non-audit services by the auditor** The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. Ernst & Young LLP undertook work in connection with the Company's IPO, for which they received fees of £66,000. The committee was satisfied that this did not affect the independence or objectivity of the auditor.
	Going concern and viability Reviewing the impact of risks on going concern and longer-term viability. The Committee reviewed the disclosures in the annual report on going concern and viability.	**Consent to continue as auditor** Ernst & Young LLP indicated to the committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

The committee recommended that the Board approve the quarterly valuation and period end report and accounts.

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

As a result of the work performed, the committee has concluded that the report for the period ended 30 June 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 39.

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

Diana Dyer Bartlett
Audit and risk committee chair
4 October 2021

Management Engagement Committee Report

The management engagement committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All Directors are members of the committee. Christopher Keljik is the chair of the committee. Its terms of reference are available on the Company's webpages, www.schroders.com/sbo.

Approach

Oversight of the Manager

The committee:

- reviews the Manager's performance, over the short and long term, against a peer group and the market.
- considers the reporting it has received from the Manager throughout the reporting period, and the reporting from the Manager to the shareholders.
- assesses management fees including the performance fee on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Depositary and custodian
- Corporate broker
- Registrar

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

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

Application for the reporting period, undertaken in September 2021

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

The committee also reviewed the terms of the AIFM agreement, including the fee structure, and agreed they remained fit for purpose.

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

Although this was a short reporting period, a review of each of the service providers has been undertaken since IPO by the committee.

The committee noted that the audit and risk committee had undertaken an evaluation of the Manager, registrar, and depositary and custodian's internal controls.

Recommendations made to, and approved by, the Board:

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

Nomination Committee Report

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

Oversight of Directors

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

Approach

Selection and induction

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

Board evaluation and Directors' fees

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

Succession

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

For application see page 36.

Nomination Committee Report

Application for the reporting period, undertaken in September 2021		
Selection and induction Policy	**Board evaluation and Directors' fees**	**Succession**
• The Board was appointed prior to IPO, was briefed extensively by the Company's advisors during the IPO process and also received an induction from the Company Secretary.	• The Board and committee evaluation process was undertaken in June 2021 and reported to the committee in September. • The committee also reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to be independent in character and judgement. • The committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 25 and 26. • Based on its assessment, the committee provided individual recommendations for each Director's re-election. • The committee reviewed Directors' fees, using external benchmarking, and recommended that Directors' fees, remain unchanged as detailed in the remuneration report.	• The committee reviewed the succession policy and agreed it was still fit for purpose.

Recommendations made to, and approved by, the Board:

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

Directors' Remuneration Report

Introduction

An ordinary resolution for the approval of the remuneration policy below will be put to shareholders at the Company's forthcoming AGM.

The remuneration policy below is subject to a binding vote every three years. The below Directors' annual report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

Directors' remuneration policy

The determination of the Directors' fees is a matter dealt with by the Board and the nomination committee.

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

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

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

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

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

Implementation of policy

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

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

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

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the period ended 30 June 2021.

Consideration of matters relating to Directors' remuneration

Directors' remuneration was last reviewed by the nomination committee and the Board in September 2021. The members of the Board at the time that remuneration levels were considered were as set out on pages 25 and 26. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of other investment companies managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration as was independent third party research.

Directors' Remuneration Report

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the period ended 30 June 2021. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the period is presented on page 2, under the heading "Financial highlights".

Directors[1]	Fees 2021 £	Taxable benefits[2] £	Total £
Neil England (Chairman)	23,287	–	23,287
Diana Dyer Bartlett	19,966	–	19,966
Tim Jenkinson	17,466	70	17,536
Christopher Keljik	17,877	–	17,877
	78,596	70	78,666

[1]The directors were appointed on 4 November 2020. Directors fees were payable from 1 December 2020.

[2]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.

The information in the above table has been audited.

Expenditure by the Company on remuneration and distributions to shareholders

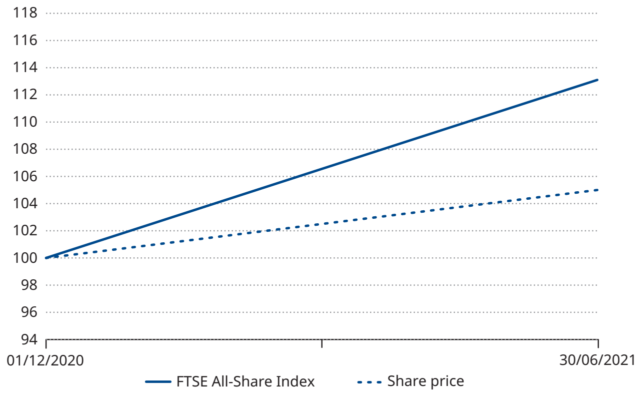
The table below compares the remuneration payable to directors, to distributions made to shareholders during the reporting period under review. In considering these figures, shareholders should take into account the Company's investment objective.

	Period ended 30 June 2021 £'000
Remuneration payable to directors	79
Distributions paid to shareholders	–

Performance graph

A graph showing the Company's share price total return versus the FTSE All-Share Index total return is set out below. This has been selected as an appropriate comparison based on the composition of the Company's investment portfolio.

Share price total return versus FTSE All-Share Index[1] total return for the period from launch date on 1 December 2020, to 30 June 2021



[1]Source: Morningstar. Rebased to 100 at 1 December 2020. The FTSE All-Share Index has been chosen as an appropriate comparison, as it comprises companies within the Company's primary investment objective.

Definitions of terms and performance measures are provided on page 65.

Directors' share interests

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

	At 30 June 2021[1]	At 1 December 2020[1]
Neil England	**10,000**	–
Diana Dyer Bartlett	**20,000**	20,000
Tim Jenkinson	**–**	–
Christopher Keljik	**98,109**	80,400

[1]Ordinary shares of 1p each.

Since the reporting period end, Christopher Keljik has purchased an additional 8386 shares through his pre-authorised share purchase plan.

The information in the above table has been audited.

On behalf of the Board

Neil England
Chairman

4 October 2021

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;

– notify the Company's shareholders in writing about the use of disclosure exemptions in FRS 102, used in the preparation of the financial statements; and

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the Directors, whose names and functions are listed on pages 25 and 26, confirm that to the best of their knowledge:

– the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;

– the Strategic Report contained in the report and accounts includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and

– the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Neil England
Chairman

4 October 2021

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

Opinion

We have audited the financial statements of Schroder British Opportunities Trust plc (the "Company") for the period ended 30 June 2021 which comprise the Income Statement, Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement, and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

– give a true and fair view of the Company's affairs as at 30 June 2021 and of its profit for the period then ended;

– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

– Inspecting the Directors' assessment of going concern, including the forecast, for the period to 31 October 2022 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.

– Reviewing the factors and assumptions, including the impact of the Covid-19 pandemic, as applied to the forecast and the liquidity assessment in relation to the quoted investments. We considered the appropriateness of the methods used to calculate the forecast, and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 31 October 2022, which is at least 12 months from when the financial statements are authorised for issue.

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

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

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

Overview of our audit approach

Key audit matters	–	Risk of incorrect valuation or ownership of the investment portfolio
	–	Risk of incorrect calculation of the performance fee
Materiality	–	Overall materiality of £0.81m which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

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

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the audit and risk committee
Incorrect valuation or ownership of the investment portfolio (as described on page 31 in the Audit and Risk Committee Report and as per the accounting policy set out on page 11) The value of the investment portfolio at 30 June 2021 was £64.51m consisting of quoted investments with an aggregate value of £43.78m and unquoted investments with an aggregate value of £20.73m. The Company also holds index futures amounting to £(0.21)m as at period end. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of quoted investments is determined by reference to bid prices and there is a risk that the prices have been incorrectly extracted from the source data. Unquoted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by Schroder Capital (the "Portfolio	We obtained an understanding of the Portfolio Managers' process surrounding the legal title and valuation of quoted and unquoted investments by performing walkthrough procedures in which we evaluated the design and implementation of controls. For all quoted investments (including the listed futures) in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the period end. We inspected the stale pricing reports produced by the Administrator to identify prices for quoted investments that have not changed for a period of one week before and after the period end and verified that all quoted prices are a valid fair value. We compared the Company's quoted investment holdings at 30 June 2021 to independent confirmations received directly from the Company's Custodian and Depositary. We engaged our team of valuation specialists to review the valuations of all unquoted investments and this	The results of our procedures identified no material misstatements in relation to the valuation or ownership of the investment portfolio.

Financial

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

Risk	Our response to the risk	Key observations communicated to the audit and risk committee
Manager" for unquoted investments). The unquoted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). The valuation of the unquoted investments, and the resultant impact on the unrealised gains/(losses), is the area requiring the most significant judgement and estimation in the preparation of the financial statements and there is a risk that the assumptions and estimates used are not appropriate leading to material misstatement. Failure to maintain proper legal title of the Group's Investments could result in assets not being recognisable within the Statement of Financial Position.	included completing the following procedures: – Review of the valuation papers prepared by the Portfolio Manager for the period ended 31 March 2021 and 30 June 2021 to gain an understanding of, and to comment on, the valuation methodologies and assumptions used; – Assessing whether the valuations have been performed in line with general valuation approaches as set out in UK GAAP and the IPEV guidelines; – Assessing the appropriateness of data inputs and assumptions used to support the valuations; – Assessing other facts and circumstances, such as market movement and comparative company information, that have an impact on the fair market value of the investments; and – Performing a recalculation of the comparable valuation multiples to assess whether the valuation conclusions are within a reasonable range. We recalculated the unrealised gains/losses on the unquoted investments as at the period-end using the book-cost reconciliation. We reviewed the fair value hierarchy disclosures for the level 3 investments. For all purchases of unquoted investments, we obtained supporting documents from the Portfolio Manager and agreed these to the purchase cost per the accounting records, after considering applicable exchange rates and agreed these to the bank statements. We obtained confirmations directly from the underlying portfolio companies with respect to the unquoted investments held by the Company. We obtained a broker confirmation in relation to the index future held by the Company at 30 June 2021 and compared this with the Company's records.	

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

Risk	Our response to the risk	Key observations communicated to the audit and risk committee
Incorrect calculation of the performance fee (as described on page 31 in the Audit and Risk Committee Report and as per the accounting policy set out on page 11) The Manager is entitled to a performance fee, the sum of which will be equal to 15% of the amount by which the Private Equity Portfolio Total Return at the end of the calculation period exceeds the performance hurdle. This is only paid on subsequent realisation of the unquoted investments, The amount of performance fee accrued as at 30 June 2021 was £0.41m. As the inputs to the performance fee are dependent on the valuations of the unquoted investments, there is a risk that the valuation of unquoted investments is overstated to indicate a higher performance fee due to the Portfolio Manager.	We obtained an understanding of the Portfolio Manager's and HSBC Securities Services' (the 'Administrator') processes surrounding the calculation of performance fees by performing walkthrough procedures in which we evaluated the design and implementation of controls. We tested the mathematical accuracy of the calculation, verified that the calculation was in accordance with the Investment Management Agreement and verified the inputs used to appropriate support including the audited valuations data. Our procedures in connection with the risk of overstatement of the unquoted investments are set out above.	The results of our procedures identified no material misstatements in relation to the calculation of the performance fee.

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £0.81m, which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.41m. We have set performance materiality at this percentage due to this being the first period of operations for the Company and therefore our first audit.

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

Reporting threshold

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

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 24;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 24;
- Directors' statement on fair, balanced and understandable set out on page 39;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 31; and;
- The section describing the work of the Audit and Risk Committee set out on page 31.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

– We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, The Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
– We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary, review of the Audit and Risk Committee and Board minutes held during the period and review of the Company's documented policies and procedures.
– We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incorrect valuation of the unquoted investments and the resulting impact on unrealised gains/(losses) and incorrect calculation of the performance fee. Further discussion of our approach is set out in the section on key audit matters above.
– Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with United Kingdom Generally Accepted Accounting Practice.

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

Other matters we are required to address

– Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 19 May 2021 to audit the financial statements for the period ended 30 June 2021 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 1 year, covering the period ended 30 June 2021.
– The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
– The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

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

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

4 October 2021

Income Statement

For the period from the date of incorporation on 21 September 2020, to 30 June 2021.
The Company began investing on 1 December 2020.

	Note	Revenue £'000	2021 Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	–	6,853	6,853
Gains on derivative contracts		–	1,839	1,839
Gains on foreign exchange		–	71	71
Income from investments	3	250	–	250
Other interest receivable and similar income	3	–	–	–
Gross return		250	8,763	9,013
Portfolio management fee	4	(278)	–	(278)
Performance fee	4	–	(402)	(402)
Administrative expenses	5	(404)	–	(404)
Other transaction costs	10	–	(116)	(116)
Net (loss)/return before finance costs and taxation		(432)	8,245	7,813
Finance costs	6	(1)	–	(1)
Net (loss)/return before taxation		(433)	8,245	7,812
Taxation	7	–	–	–
Net (loss)/return after taxation		(433)	8,245	7,812
(Loss)/return per share	9	(0.58)p	10.99p	10.41p

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.

The notes on pages 50 to 60 form an integral part of these accounts.

Statement of Changes in Equity
For the period from the date of incorporation on 21 September 2020, to 30 June 2021

	Called-up share capital £'000	Share premium £'000	Special distributable capital reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Issue of Management Shares	50	–	–	–	–	50
Redemption of Management Shares	(50)	–	–	–	–	(50)
Issue of Ordinary Shares	750	74,250	–	–	–	75,000
Share issue costs	–	(1,521)	36	–	–	(1,485)
Cancellation of share premium	–	(72,729)	72,729	–	–	–
Net return/(loss) after taxation	–	–	–	8,245	(433)	7,812
At 30 June 2021	**750**	**–**	**72,765**	**8,245**	**(433)**	**81,327**

The notes on pages 50 to 60 form an integral part of these accounts.

Financial

Statement of Financial Position at 30 June 2021

	Note	2021 £'000
Fixed assets		
Investments held at fair value through profit or loss	10	64,509
Current assets	11	
Debtors		39
Cash at bank and in hand		17,960
		17,999
Current liabilities	12	
Creditors: amounts falling due within one year		(969)
Derivative financial instruments held at fair value through profit or loss		(212)
		(1,181)
Net current assets		16,818
Total assets less current liabilities		81,327
Net assets		81,327
Capital and reserves		
Called-up share capital	13	750
Capital reserves	14	81,010
Revenue reserve	14	(433)
Total equity shareholders' funds		81,327
Net asset value per share	15	108.44p

The accounts were approved and authorised for issue by the Board of directors on 4 October 2021 and signed on its behalf by:

Neil England
Chairman

The notes on pages 50 to 60 form an integral part of these accounts.

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

Company registration number: 12892325

Cash Flow Statement
For the period from the date of incorporation on 21 September 2020, to 30 June 2021

	Note	2021 £'000
Net cash outflow from operating activities	16	**(21)**
Investing activities		
Purchases of investments		**(61,109)**
Sales of investments		**3,453**
Cash inflow from derivative instruments		**2,051**
Net cash outflow from investing activities		**(55,605)**
Net cash outflow before financing		**(55,626)**
Financing activities		
Issue of Management Shares		**13**
Redemption of Management Shares		**(13)**
Issue of Ordinary Shares		**75,000**
Share issue costs		**(1,485)**
Net cash inflow from financing activities		**73,515**
Net cash inflow in the period		**17,889**
Cash at bank and in hand at the beginning of the period		**–**
Net cash inflow in the period		**17,889**
Exchange movements		**71**
Cash at bank and in hand at the end of the period		**17,960**

Included under operating activities are dividends received during the period amounting to £227,000.

The notes on pages 50 to 60 form an integral part of these accounts.

Financial

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

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

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), in particular in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The accounts are prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in October 2019, except for certain details about private assets. In particular, the Company has not disclosed the proportion of the share class held in each of its material private asset holdings, as investees would prefer this information to remain confidential. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating to 31 October 2022, which is at least 12 months from the date of approval of these accounts. In forming this opinion, the directors have taken into consideration: the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro rata in the event of a market downturn; the Company's cash flow forecasts and the liquidity of the Company's investments.

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

Certain judgements, estimates and assumptions may be required in valuing the Company's unquoted investments and these are detailed in note 20 on page 57.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of directors. Accordingly, upon initial recognition the investments are recognised by the Company as "held at fair value through profit or loss". Investments are included initially at fair value which is typically taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, using the methodology below. This valuation process is consistent with International Private Equity and Venture Capital guidelines issued in December 2018, which are intended to set out current best practice on the valuation of Private Equity and Venture Capital investments.

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

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

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

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

- Estimating the present value of expected future cash flows based on potential future outcomes for the investment.
- An appropriate multiple that reflects the performance measure (such as earnings or revenue) of the investment company based on listed companies in the relevant sector.
- Recent transaction prices adjusted for the company's performance against key milestones.
- Option pricing modelling.

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

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

(c) Accounting for reserves

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

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

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

(e) Expenses

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

- Any performance fee is charged wholly to capital.
- Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise stamp duty, brokerage commission and legal fees. Details of transaction costs are given are given in note 10 on page 54.

(f) Financial instruments

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

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

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

Any derivative financial instruments held at the period end, are included in current assets or current liabilities in the Statement of Financial Position at fair value, using market prices.

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

(g) Taxation

The tax charge for the period includes a provision for all amounts expected to be received or paid.

Deferred tax is provided on all timing differences that have originated but not reversed by the accounting date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(h) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(i) Foreign currency

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

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

Notes to the Accounts

2. Gains on investments held at fair value through profit or loss

	2021 £'000
Gains on sales of investments based on historic cost	183
Net movement in investment holding gains and losses	6,670
Gains on investments held at fair value through profit and loss	6,853

3. Income from investments

	2021 £'000
Income from investments	
UK dividends	216
Overseas dividends	34
	250

4. Investment management fee and performance fee

	2021 £'000
Revenue:	
Investment management fee	278
Capital:	
Performance fee	402

The bases for calculating the investment management and performance fees are set out in the Report of the Directors on page 28 and details of all amounts payable to the Manager are given in note 18 on page 56.

5. Administrative expenses

	2021 £'000
Other administrative expenses	112
Company secretarial and administrative fee payable to Schroders	105
Directors' fees[1]	79
Auditor's remuneration for the audit of the Company's annual accounts[2]	108
	404

[1]Full details are given in the remuneration report on pages 37 to 38.
[2]Includes VAT amounting to £18,000.

6. Finance costs

	2021 £'000
Interest paid on futures and overdrafts	1

Notes to the Accounts

7. Taxation

(a) Analysis of tax charge for the period:

	Revenue £'000	2021 Capital £'000	Total £'000
Taxation	–	–	–

The Company has no corporation tax liability for the period ended 30 June 2021.

(b) Factors affecting tax charge for the period

	Revenue £'000	2021 Capital £'000	Total £'000
Net (loss)/return before taxation	(433)	8,245	7,812
Net (loss)/return before taxation multiplied by the Company's applicable rate of corporation tax for the period of 19.0%	(82)	1,567	1,485
Effects of:			
Capital gains on investments	–	(1,665)	(1,665)
Income not chargeable to corporation tax	(41)	–	(41)
Expenses not deductible for corporation tax purposes	–	22	22
Unrelieved management expenses	123	76	199
Taxation on ordinary activities	–	–	–

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £199,000 based on a prospective corporation tax rate. In its 2020 budget,the government announced that the main rate of corporation tax would remain at 19% for fiscal years beginning on 1 April 2020 and 2021. It is unlikely the Company will generate sufficient taxable profits future to utilise these expenses and therefore no deferred tax asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal investments.

8. Dividends

The Company has reported a revenue loss after taxation of £433,000 for the period and accordingly there is no requirement to pay a dividend under Section 1158 of the Corporation Tax Act 2010.

9. Return/(loss) per share

	2021 £'000
Revenue loss	(433)
Capital return	8,245
Total return	7,812
Weighted average number of shares in issue during the year	75,000,000
Revenue loss per share	(0.58)p
Capital return per share	10.99p
Total return per share	10.41p

Financial

Notes to the Accounts

10. Investments held at fair value through profit or loss

(a) Movement in investments

	2021 £'000
Purchases at cost	61,109
Sales proceeds	(3,453)
Gains on investments held at fair value through profit or loss	6,853
Closing fair value	64,509
Closing book cost	57,839
Closing investment holding gains	6,670
Closing fair value	64,509

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

Material revaluations of unquoted investments during the period

Investment	Book cost £'000	Valuation adjustment £'000	Closing valuation at 30/6/21 £'000
Rapyd Financial Network	3,297	3,370	6,667
Cera EHP S.à r.l.	2,954	291	3,245
EasyPark	1,966	(4)	1,962
Waterlogic	3,961	(33)	3,928
Graphcore	2,975	(79)	2,896
Learning Curve	2,173	(141)	2,032

There were no significant disposals of unquoted investments during the period.

(c) Transaction costs

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

	2021 £'000
On acquisitions	
Stamp duty and brokerage commission	151
Legal fees	116
On disposals	
Brokerage commission	2
	269

11. Current assets

Debtors

	2021 £'000
Dividends and interest receivable	23
Other debtors	16
	39

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

Notes to the Accounts

Cash at bank and in hand

The carrying amount of cash, amounting to £17,960,000, represents its fair value. Of this amount, £1,373,000 was held by a broker in a margin account.

12. Current liabilities

Creditors: amounts falling due within one year

	2021 £'000
Other creditors and accruals	969

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

Derivative financial instrument held at fair value through profit or loss

	2021 £'000
ICF FTSE 250 Index Futures, September 2021	212

13. Called-up share capital

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

	2021 £'000
Ordinary shares allotted, called-up and fully paid:	
75,000,000 shares of 1p each:	750

On incorporation, the issued share capital of the Company comprised a single 1p Ordinary Share, £1 paid, held by an employee of the Company's legal adviser, as subscriber to the Company's memorandum of association. On 4 November 2020 this share was transferred to Schroder Investment Company Limited ("SICL"), an affiliate of the AIFM.

On 27 October 2020, 50,000 Management Shares were allotted to SICL, in order to obtain a certificate to conduct business. These shares were paid up to one quarter of their nominal value of £1 per share.

On 1 December 2020 74,499,999 Ordinary Shares were issued at £1 per share, following a placing and offer for subscription, and the Management Shares were redeemed out of the proceeds of the issue.

14. Reserves

		Capital reserves			
	Share premium[1] £'000	Special distributable capital reserve[2] £'000	Gains and losses on sales of investments[3] £'000	Investment holding gains and losses[4] £'000	Revenue reserve[5] £'000
Proceeds of share issue	74,250	–	–	–	–
Share issue expenses	(1,521)	36	–	–	–
Cancellation of share premium	(72,729)	72,729	–	–	–
Gains on sales of investments	–	–	183	–	–
Net movement in investment holding gains and losses	–	–	–	6,670	–
Realised gains on derivatives	–	–	2,051	–	–
Unrealised losses on open derivative contracts	–	–	–	(212)	–
Exchange gains	–	–	71	–	–
Performance fee allocated to capital	–	–	(402)	–	–
Transaction costs	–	–	(116)	–	–
Retained revenue for the year	–	–	–	–	(433)
Closing balance	–	72,765	1,787	6,458	(433)

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

Financial

Notes to the Accounts

[1]Share premium is a non distributable reserve and represents the amount by which the fair value of the consideration received from shares issued exceeds the nominal value of shares issued. The share premium was cancelled following an application to the court during the period and transferred to a distributable capital reserve.
[2]This is a distributable capital reserve arising from the cancellation of the share premium, and may be distributed as dividends or used to repurchase the Company's own shares.
[3]This is a realised (distributable) capital reserve and may be distributed as dividends or used to repurchase the Company's own shares.
[4]This reserve may include some holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.
[5]A credit balance on the revenue reserve may be distributed as dividends or used to repurchase the Company's own shares.

15. Net asset value per share

	2021
Net assets attributable to shareholders (£'000)	81,327
Shares in issue at the period end	75,000,000
Net asset value per share	108.44p

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

	2021 £'000
Total return before taxation	7,812
Less capital return before taxation	(8,245)
Increase in prepayments and accrued income	(23)
Increase in other debtors	(16)
Increase in other creditors	969
Performance fee and transaction costs allocated to capital	(518)
Net cash outflow from operating activities	(21)

17. Uncalled capital commitments

At 30 June 2021, the Company had uncalled capital commitments amounting to £2,259,000 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.

18. Transactions with the Manager

Under the terms of the Alternative Investment Fund Manager ("AIFM") Agreement, the Manager is entitled to receive a management fee, a company secretarial and administrative fee, and a performance fee. Details of the bases of these calculations are given in the Directors' Report on page 28.

The management fee payable in respect of the period ended 30 June 2021 amounted to £278,000, and the whole of this amount was outstanding at the period end. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee. There have been no such investments during the period.

A performance fee provision amounting to £402,000 has been included in these accounts. This amount will be carried forward until such time as it may be paid under the terms of the AIFM Agreement.

The company secretarial and administrative fee payable for the period amounted to £105,000 and the whole of this amount was outstanding at the period end.

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

19. Related party transactions

Details of the remuneration payable to directors are given in the Directors' Remuneration Report on page 38 and details of directors' shareholdings are given in the Directors' Remuneration Report on page 38. Details of transactions with the Manager are given in note 18 above. There have been no other transactions with related parties during the period.

20. Disclosures regarding financial instruments measured at fair value

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

Details of the Company's policy for valuing investments and derivative instruments are given in note 1(b) on page 50 and 1(f) on page 50. Level 3 investments have been valued in accordance with note 1(b) (ii) - (v).

The Company's unlisted investments at 30 June 2021 were valued using a variety of techniques consistent with the recommendations set out in the International Private Equity and Venture Capital guidelines (IPEV). Investments in third-party managed or sponsor-led private equity direct or co-investments were valued by reference to the most recent net asset value provided by the relevant manager or lead sponsoring private equity investor. For other direct investments in private equity, the Company has established its own estimate utilising widely accepted valuation methods. The key market information adopted to form the estimates in these methods related to the analysis of comparable company multiples, fair value of net assets, assessment of comparable company performance and assessment of milestone achievement at the underlying investee companies.

The judgments in the valuation approaches adopted are based on the information available and value drivers for the underlying investee company. The determinations of fair value included assessing value movements of the trading multiples and comparable companies chosen for the multiples approach from the investment date to provide a reasonable basis for the determination of fair value. Valuations are cross-checked for reasonableness to alternative multiples-based, income approaches, option pricing models or benchmark index movements as appropriate.

At 30 June 2021, the Company's investment portfolio and derivative financial instruments were categorised as follows:

	2021 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments in equities – quoted	43,779	–	–	43,779
– unquoted	–	–	20,730	20,730
Derivative financial instruments – index futures	(212)	–	–	(212)
Total	43,567	–	20,730	64,297

There have been no transfers between Levels 1, 2 or 3 during the period.

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

	2021 £'000
Purchases at cost	17,339
Sales proceeds	(14)
Net gains on investments	3,405
Closing fair value of Level 3 investments	20,730
Closing book cost	17,325
Closing investment holding gains	3,405
Closing fair value of Level 3 investments	20,730

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

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

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

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

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

(a) Market risk

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

(i) Interest rate risk

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

Management of interest rate risk

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

Interest rate exposure

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

	2021 £'000
Exposure to floating interest rates:	
Cash at bank and in hand	17,960

Interest receivable on cash balances is at a margin below LIBOR, or its replacement reference rate.

The above period end amount is broadly representative of the exposure to interest rates during the period.

Interest rate sensitivity

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

	2021	
	0.25% increase in rate £'000	0.25% decrease in rate £'000
Income statement – return after taxation		
Revenue return	45	(45)
Capital return	–	–
Total return after taxation	45	(45)
Net assets	45	(45)

(ii) Other price risk

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

Management of other price risk

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

Market price risk exposure

The Company's total exposure to changes in market prices at 30 June comprises the following:

	2021 £'000
Investments held at fair value through profit or loss	64,509
Derivative financial instruments held at fair value through profit or loss – index futures	(212)
	64,297

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

Concentration of exposure to market price risk

A sector and geographical analysis of the Company's investments is given on page 9. This shows a concentration of exposure to economic conditions in the United Kingdom. In addition, the Company's holds 6 investments amounting to approximately £20.7 million, or 32.1% of total investments, whose valuation is deemed to be potentially volatile, as it is dependent on a number of factors, including future funding and the achievement of targets and milestones.

Market price risk sensitivity

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

	2021	
	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – return after taxation		
Revenue return	(77)	77
Capital return	12,859	(12,859)
Total return after taxation and net assets	12,782	(12,782)
Percentage change in net asset value	15.7%	(15.7%)

(b) Liquidity risk

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

Management of the risk

At the period end, the Company's assets include quoted "public equity investments" amounting to £43,779,000, which can be sold to meet ongoing funding requirements. Additionally, the Company has less liquid, "private equity investments" amounting to £20,730,000. Total private equity investments will be limited to 60% of gross asset value, at the time the investment is made.

Liquidity risk exposure

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

	2021 Three months or less £'000	2021 Total £'000
Creditors: amounts falling due within one year		
Other creditors and accruals	969	969
	969	969

(c) Credit risk

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

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

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

Exposure to the Custodian

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

Credit risk exposure

The amounts shown in the balance sheet under debtors and cash at bank and in hand represent the maximum exposure to credit risk at the period end. No debtors are past their due date and none have been provided for.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value, or the balance sheet amount is a reasonable approximation of fair value.

22. Capital management policies and procedures

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

The Company's capital structure comprises the following:

	2021 £'000
Equity	
Called-up share capital	750
Reserves	80,577
Total equity	81,327

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

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

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

– the opportunity for issue of new shares; and

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

Annual General Meeting – Recommendations

The Annual General Meeting ("AGM") of the Company will be held on 30 November 2021 at 12.00 p.m. The formal Notice of Meeting is set out on page 62.

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

COVID-19 and the AGM

Owing to the continuing restrictions relating to meetings due to the COVID-19 pandemic, shareholders are asked to cast their votes by proxy. To ensure the safety and security of our shareholders, service providers, officers and guests, shareholders are asked to comply with Government requirements and guidelines relating to travelling and meetings. Shareholders are encouraged to vote by proxy, appointing the chair of the meeting as their proxy.

Ordinary business

Resolutions 1 to 9 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 concerns the Directors' Remuneration Policy. Resolution 3 concerns the Directors' Remuneration Report, on pages 37 to 38. Resolutions 4 to 7 invite shareholders to elect each of the Directors for another financial reporting period, following the recommendations of the nomination committee, set out on pages 35 and 36 (their biographies are set out on pages 25 and 26). Resolutions 8 and 9 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee Report on pages 31 and 32.

Special business

Resolution 10 – Directors' authority to allot shares (ordinary resolution) and resolution 11 – power to disapply pre-emption rights (special resolution)

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

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £75,000 (being 10% of the issued share capital (excluding any shares held in treasury) as at 1 October 2021).

A special resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £75,000 (being 10% of the issued share capital as at 1 October 2021) on a non pre-emptive basis. This authority includes shares that the Company sells or transfers that have been held in treasury. The Directors do not intend to allot ordinary shares or sell treasury shares, on a non preemptive basis, pursuant to this authority other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company as a whole. Shares issued or treasury shares reissued, under this authority, will be at a price that is equal to or greater than the Company's NAV per share, plus any applicable costs, as at the latest practicable date before the allotment of such shares.

If approved, both of these authorities will expire at the conclusion of the AGM in 2022 unless renewed, varied or revoked earlier.

Resolution 12: authority to make market purchases of the Company's own shares (special resolution)

On 4 November 2020, a special resolution was passed to give the Company authority to make market purchases of up to 14.99% of the ordinary shares. No shares have been bought back under this authority to date.

It is the Directors' intention to implement an active discount management policy through the use of share buybacks to seek to maintain the price at which the ordinary shares trade relative to their prevailing NAV at no greater than a 5% discount, measured over the long term and subject to normal market conditions. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at 1 October 2021 (excluding treasury shares). The Directors will exercise this authority to buy back shares only when the share price is at a discount to the Company's NAV and only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue.

If renewed, this authority will lapse at the conclusion of the AGM in 2022 unless renewed, varied or revoked earlier.

Resolution 13: notice period for general meetings (special resolution)

Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2022. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder British Opportunities Trust plc will be held on 30 November 2021 at 12.00 p.m. at 1 London Wall Place, London EC2Y 5AU to consider the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions, and resolutions 11 to 13 will be proposed as special resolutions:

1. To receive the Directors' Report and the audited accounts for the reporting period ended 30 June 2021.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the reporting period ended 30 June 2021.
4. To approve the election of Neil England as a Director of the Company.
5. To approve the election of Diana Dyer Bartlett as a Director of the Company.
6. To approve the election of Tim Jenkinson as a Director of the Company.
7. To approve the election of Christopher Keljik as a Director of the Company.
8. To re-appoint Ernst & Young LLP as auditor to the Company.
9. To authorise the Directors to determine the remuneration of Ernst & Young LLP as auditor to the Company.
10. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

    "THAT in addition to all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to an aggregate nominal amount of £75,000 (being 10% of the issued ordinary share capital at 1 October 2021) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2022, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Board may allot relevant securities in pursuance of that offer or agreement."

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

    "That, subject to the passing of Resolution 10 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 10 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £75,000 (representing 10% of the aggregate nominal amount of the share capital in issue at 1 October 2021); and where equity securities are issued pursuant to this power they will only be issued at a price which is equal or greater than the Company's NAV per share as at the latest practicable date before the allotment; and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."

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

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

    (a) the maximum number of Shares which may be purchased is 11,242,500, representing 14.99% of the Company's issued ordinary share capital as at 1 October 2021 (excluding treasury shares);

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

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

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

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

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2022 (unless previously renewed, varied or revoked by the Company prior to such date);

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

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

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

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

4 October 2021

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

Registered Number: 12892325

Explanatory Notes to the Notice of Meeting

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

   A proxy form is attached. Due to COVID-19 shareholders are encouraged to appoint the Chairman as proxy. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 389 0306 or +44(0) 121 415 0179 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

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

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk using their user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 10.00 a.m. on 26 November 2021. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 389 0306 (or +44(0) 121 415 0179 for overseas callers).

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence. Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

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

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

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

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. 26 November 2021, or 6.30 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 26 November 2021 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of their family interests in the shares of the Company,

Explanatory Notes to the Notice of Meeting

will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election and are set out on pages 25 and 26 of the Company's report and accounts for the period ended 30 June 2021.

7. As at 1 October 2021, 75 million ordinary shares of 1 pence each were in issue (no shares were held in treasury). Therefore the total number of voting rights of the Company as at 1 October 2021 was 75 milion.

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

9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information. Due to COVID-19 shareholders are asked to send their questions by post or by email (amcompanysecretary@schroders.com).

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

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

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

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

Definitions of Terms and Performance Measures

The terms and performance measures below are those commonly used by investment companies to assess values, investment performance and operating costs. Some of the financial measures below are classified as Alternative Performance Measures as defined by the European Securities and Markets Authority, and some numerical calculations are given for those.

Investment policy

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

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

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

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

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

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

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

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

"**Private equity investments**" mean any investments in any of the following categories (w), (x), (y) and (z) below (although it is envisaged that the Company will predominantly focus on those of an equity and/or quasi-equity nature as set out under categories (w) and (x) below): (w) shares in companies and other securities/units/interests equivalent to shares in companies, partnerships (including limited partnership interests) or other entities, provided that they are not already captured under the definition of "public equity investments" above; (x) securities, derivatives or other instruments giving the right to acquire or sell any of the shares/securities/units/interests referred to in (w) above, including without limitation warrants, options, futures, contingent value rights, convertible bonds, convertible loan notes, convertible loan stocks or convertible preferred equity; (y) preference shares issued by an issuer referred to in (w) above; and (z) debt-based investments not otherwise covered above, including loan stock, payment-in-kind instruments and shareholder loans.

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

The Company will focus on companies which the 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 will aim to achieve a target allocation of approximately 50 per cent. public equity investments and approximately 50 per cent. private equity investments. It is anticipated that in the period immediately following Initial Admission, the Company's portfolio will predominantly comprise public equity investments until target deployment into private equity investments is achieved.

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

Net asset value (NAV) per share

The NAV per share of 108.44p represents the net assets attributable to equity shareholders of £81,327,000 divided by the 75,000,000 shares in issue.

Share price discount/premium

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. The discount or premium is expressed as a percentage of the NAV per share. The discount at the period end amounted to 3.2%, as the closing share price at 105.0p was 3.2% lower than the closing NAV of 108.44p.

Gearing/(net cash)

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

Ongoing Charges

Ongoing Charges represents all operating expenses payable including any management fee, but excluding finance costs, transaction costs, and any performance fee provision expressed as a percentage of the average daily net asset values during the period. The operating expenses calculated as above amount to £682,000 for the period, which including an allowance for non-recurring expenses, gives an

Definitions of Terms and Performance Measures

annualised figure of £1,080,000. This amount, expressed as a percentage of the average daily net asset values during the period of £77.4 million gives an Ongoing Charges figure of 1.40%.

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 leverage ratios and limits at 30 June 2021 are presented on page 67 under Shareholder Information.

Shareholder Information

Webpages and share price information

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

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

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

Association of Investment Companies

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

ISA status

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

Non-Mainstream Pooled Investments Status

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

Financial calendar

Results announced	October
Annual General Meeting	November
Half year results announced	February
Financial year end	March

Alternative Investment Fund Managers Directive ("AIFMD") disclosures

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

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages. The Company is also required to periodically publish its actual leverage exposures. As at 30 June 2021 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross method	200.0%	93.6%
Commitment method	200.0%	91.4%

Illiquid assets

As at the date of this report, none of the Company's assets are subject to special arrangements arising from their illiquid nature.

Remuneration disclosures

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

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

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

Complaints

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

www.schroders.com/sbo

Directors

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

Advisers

Alternative Investment Fund Manager (the "Manager")

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

Portfolio Managers

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

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

Company Secretary

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

Registered Office

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London EC2Y 5AU

Depositary and Custodian

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8 Canada Square
London E14 5HQ

Corporate Broker

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100 Liverpool Street
London EC2MY 2AT

Independent Auditors

Ernst & Young LLP
1 More London Place,
London SE1 2AF,
United Kingdom

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder helpline: 0800 389 0306[1]
Website: www.shareview.co.uk

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

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

Shareholder enquiries

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

Dealing Codes

ISIN:	GB00BN7JZR28
SEDOL:	BN7JZR2
Ticker:	SBO

Global Intermediary Identification Number (GIIN)

QML9TQ.99999.SL.826

Legal Entity Identifier (LEI)

5493003UY8LIHFW6HM02

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

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