chrysalis investments

Chrysalis Investments Limited

Financial Report and Audited Financial Statements

For the year ended 30 September 2021

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Next era potential: Transformative tech that changes our world.

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Performance highlights

"2021 saw us achieve our ambition to scale the size of the Company, substantially diversify the portfolio, invest further in the Chrysalis platform and recycle more capital into new investments. We firmly believe the results achieved highlight the compelling nature of our proposition, not only for shareholders, but also for the businesses in which we invest."

Richard Watts
Investment Advisor
Jupiter Investment Management Limited

251.96p

– NAV growth of 57%

Asset revaluations drove material Net Asset Value ("NAV") per ordinary share growth over the year (prior year: 160.97p).

267p

– Share price growth of 84%

The Company's Share Price performed well year-on-year (prior year: 145p), peaking at 277p at the beginning of September 2021 and ending the year at a 6.0% premium to NAV (prior year: 9.9% discount).

£380.2m

– Substantial deployment

Material capital investments were made in the year, as most of the proceeds from funds raised during the year were utilised for new and follow-on investments.

17 investments

– Increased diversification

Five investments were added during the year, further increasing diversification in the portfolio.

£448.3m

– Gain

The Company achieved a significant pre-tax gain for the year, driven by £568.4m net investment gains.

£1,460.2m

– Total portfolio value

The total portfolio grew to over £1 billion during the year, increasing by £853.9m (140.8%) through a combination of investment gains and new investments, predominantly funded by capital raises.

A different kind of capital.

Chrysalis Investments Limited's ("Chrysalis") proposition to high growth private companies remains distinct: one of long-term crossover capital.

Our attractiveness to companies is our ability to fund them up to and through Initial Public Offering ("IPO"), helping them de-risk this process and align with a natural buyer of listed equity.

Our attractiveness to investors is that our crossover proposition allows us access to some of the most exciting private growth names, which are unavailable to most investors.

Our proposition is based on our ability to offer material crossover funding. As Chrysalis has grown, our ability to offer a meaningful crossover proposition internally has increased, but is further underpinned by over £6.4 billion of capital managed by Jupiter Fund Management PLC and its subsidiaries ("Jupiter") focused on the UK small and mid-cap listed market. This pool of funds makes Jupiter one of the biggest IPO investors in the UK.

The Company was set up to seek out attractive, typically unlisted companies. We define some of the characteristics we are targeting as:

- The ability to deliver growth rates substantially higher than the average UK plc;
- The ability to protect the duration of these growth rates via competitive advantage, e.g. via scale or technology; and
- The ability to generate significant margins, and thus profits, at scale.

This has led us towards a group of businesses we label "tech-enabled disruptors".

We believe:

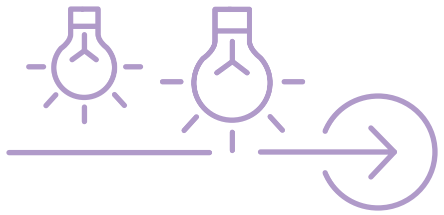
- Technology is at the heart of modern life, and thus at the heart of most modern businesses;
- Technology offers society ways to operate more efficiently than under older business models;
- Technology serves society best when the benefits of this efficiency are shared with its users; and
- Technology is increasingly a catalyst for environmental change and sustainable development.

[1] As of 30 September 2020

Chrysalis at a glance

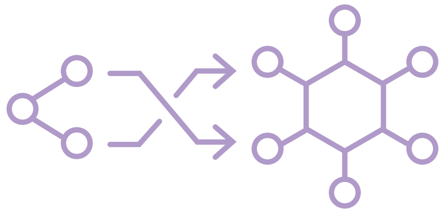
Illuminating a better way forward.

Chrysalis targets predominantly unlisted businesses that offer the technology to transform the way we live and work. Technology that creates meaningful change, delivering a simpler, easier, more rewarding customer experience. Technology that reveals a more effective and efficient world.



Generating opportunities in next era tech.

Chrysalis understands the disruptor tech ecosystem. Our experience and understanding has honed our ability to sort true long-term promise from the also-rans, delivering a deeper certainty. And we are not afraid to follow our convictions, challenge convention.



Supporting transformative, disruptive tech teams.

Open and genuinely collaborative, Chrysalis enables, guides and, when asked, supports tech disruptors to deliver on the promise of their ideas. We empower businesses with long-term crossover capital and nurture their growth with knowledgeable insight and an entrepreneurial energy.

Chairman's Statement

57%
NAV per share growth

84%
Share price growth

£380.2m
Committed over the period

"This continued robust performance means that NAV per share has risen by 156% from the date of the IPO, representing a Compound Annual Growth Rate of approximately 38% per annum."

Chrysalis Investments Limited (the "Company" or "Chrysalis") saw strong NAV per share growth over the year of 57% (from 160.97p to 251.96p), which builds on the 42% growth in the prior year. This continued robust performance means that NAV per share has risen by 156% from the date of the IPO, representing a Compound Annual Growth Rate of approximately 38% per annum.

Over the year, a number of the Company's biggest investments undertook material funding rounds supported by new investors, which provides strong external validation of the valuation progression of these individual investments, and thus the Company's NAV per share.

In particular, Klarna added approximately £294 million to the gross portfolio value over the year, following its two successful funding rounds. The most recent was in June 2021, valuing the business at $45.6 billion. Chrysalis initially invested at a post new-money valuation of $5.5 billion in August 2019, demonstrating the Investment Advisor's origination capability and ability to access funding rounds prior to widespread acceptance of the power of the Klarna investment case.

Wise, which listed on the London Stock Exchange in the year, and Starling Bank, which continued its rapid expansion, enabled by follow-on capital committed by Chrysalis over 2020, both saw gross portfolio valuation gains of over £100 million, again underpinned by the provision of capital from new shareholders.

While our aim is to invest predominantly in private growth companies, our investment philosophy is agnostic to whether a company is public or private: we want to invest in the best companies we can find, and Chrysalis was structured in a way that allows this freedom.

As an example of this approach, we continue to hold some of our Wise holding after listing, where we believe the investment case still has not been fully valued by the stock market, despite the shares showing a substantial gain on our original investment. Similarly, we retained our THG holding, and increased it at listing. THG's share price has fallen materially since IPO and was the largest detractor to performance over the year and has continued to fall after year end. However, the Investment Advisor remains committed to the business strategy which the team at THG has followed over the duration of our ownership, and which fundamentally remains unchanged.

Our structure enables us to take a long-term view to value creation; public markets are often shorter term in outlook and sometimes growth businesses, particularly those where growth has been prioritised over margin maximisation, struggle to make the case for investment to those public shareholders, who are more used to slower-growing, profit-maximising companies. We believe that all our listed investments have significant upside from their current market prices. However, if public markets continue to undervalue assets, Chrysalis does have the flexibility to maintain its shareholding if companies choose a return to the private marketplace to continue their growth development.

"Chrysalis has developed a compelling proposition for entrepreneurs with late-stage businesses, providing long-term capital regardless of whether they stay private or choose to go public."

Adam Minto
CEO of Revolution Beauty

The Company raised £395 million of new capital in the year, as well as realising approximately £83 million from a partial disposal of our holding in Wise shortly after its IPO. The sale of Embark to Lloyds Bank Plc for a total consideration of £395 million, is scheduled to complete in the coming weeks. These realisations and fresh capital enabled a fast pace of new investment and five new investments were added over the summer, at a rate that exceeded the Investment Advisor's expectations. This investment activity has continued to diversify the range of investee companies[1] and should also aid in the creation of a self-sustaining portfolio of investments in time.

Investment Advisor

The Investment Advisor has continued to deliver strong performance for the Company and has striven to build Chrysalis into an increasingly compelling partner for late-stage private growth companies.

The Investment Advisor has invested in resourcing, and I would like to welcome Rebecca Whiting, who will act as a Director of Finance, and Andrew Mortimer, who joins the wider UK small and midcap team at Jupiter as an ESG Investment Director. With this further investment, I believe the platform that is now in place opens up the possibility of extending Chrysalis' position in its target marketplace.

As a result of the significantly increased NAV over the year, a performance fee of £112.1m is due and payable under the terms of the investment agreement.

Following the end of the financial year, the Board and the portfolio management team reviewed payment arrangements for the performance fee to ensure ongoing alignment between the Investment Advisor and the Company's shareholders. The Board was pleased that the portfolio management team requested that the deferred element of its performance fee be taken in new Chrysalis shares to be issued by the Company, a stance that the Board believes was extremely constructive.

These shares will be issued at the closing share price of 267p at 30 September 2021, an approximate 6% premium to NAV, which reflects the team's confidence in the prospects for the portfolio. To ensure continued alignment with stakeholders, the Board will review fee arrangements, including the performance fee payment structure, in 2022 after consultation with relevant parties. The Board will set out its thoughts to shareholders on this subject later in 2022.

ESG

The latest financial year has demonstrated the growing prominence of environmental, social and governance ("ESG") considerations for investors, intermediaries and asset owners. The Board and the Investment Advisor have established and are currently implementing an ESG policy which ensures that we are aligning ourselves with best practice in this area. The ESG policy can be found on: https://www.jupiteram.com/about-jupiter/esg-and-stewardship/

Following the year-end, in November 2021 the UK Government announced that the UK will be the world's first Net Zero-aligned Financial Centre. This will require asset managers and listed companies to publish transition plans setting out how an organisation will adapt as the world transitions towards a low carbon economy.

The Board believes that the type of tech-enabled, disruptive businesses in which Chrysalis invests are well-positioned to navigate the transition to a low carbon economy. They are also likely to be significant job creators, with positive spill-over effects elsewhere in the economy. The Investment Advisor integrates ESG analysis within the investment process and encourages all portfolio companies to set out a net zero target consistent with less than 1.5 degrees Celsius in line with the Paris Agreement across their own operations and value chain. Jupiter has also made its initial disclosures as part of the Net Zero Asset Managers initiative, through which it has committed to achieving net zero emissions by 2050 across its full range of investments and operations, including the holdings within Chrysalis.

To grow successfully, companies and their founders must not only execute strategically; they must also lay the foundations for future growth by creating appropriate corporate governance structures. Though they are in growth mode, they must also consider long-term themes relating to the sustainability of their business model.

This includes a broad range of considerations, but fundamentally the purpose of the business must remain focused on creating value for all of these stakeholders and reduce negative impacts if it is to succeed over the long term. The Investment Advisor continues to emphasise these points and encourage founders and management teams considering listing to prepare themselves for the additional scrutiny which comes with going public.

[1] 15 units disregarding Growth Street (in liquidation) and Embark (sold subject to completion)

Chairman's Statement

(continued)

I am pleased to note that the Investment Advisor has also aligned its strategy, purpose and principles with the UN Global Compact ("UNGC") such that all investment decision-making and engagement is guided by the principles of the UNGC. This means investee companies are expected to abide by the Compact's Ten Principles, committing to meeting fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. These commitments apply to the investment management of Chrysalis and are welcomed by the Board.

Alternative Investment Fund Management Arrangements

The Board of the Company has determined that it has now reached a stage in its evolution at which it would be more efficient to become a self-managed investment company in 2022, with Jupiter Investment Management Limited continuing to provide portfolio management services. This would entail the Company assuming direct responsibility for the Alternative Investment Fund Manager (AIFM) role, including the valuation and risk management aspects, replacing Jupiter Unit Trust Managers Limited as the current AIFM. This transition is expected to be implemented by 30 June 2022, subject to regulatory approval. The Board is grateful to Jupiter Unit Trust Managers Limited for its AIFM services to date and the transitional support going forward.

Outlook

Last year's objective was to continue to grow the size of the Company, based on the hypothesis that adding scale to Chrysalis' crossover proposition would enhance access to deal flow and further boost origination capabilities. The pace of new investments, to which the Company committed over £380 million, would suggest this capital has achieved its aim.

Total investible assets grew by approximately £853 million, meaning nearly 54% of growth was driven by gains on the revaluation of investments. Since inception to September 2021, gains on the revaluation of investments accounted for roughly 35% of total asset growth, indicating less dependence on capital raises in the year to scale the Company.

Despite the excellent revenue growth performance achieved by the portfolio in aggregate, the Investment Advisor's Report details why it thinks prospects continue to be positive, based on the substantial aggregate Total Addressable Market ("TAM") the portfolio accesses, combined with low current revenue penetration rates.

The Investment Advisor typically sees a strong correlation between its supply of follow-on capital and the subsequent performance of the investee asset. The ability and willingness of Chrysalis to back its assets is one of its attractions to potential investee companies and demonstrates the Investment Advisor's belief in the "Power of Primary Capital". Both Starling and wefox are examples of this investment process and have seen considerable valuation gains in the year from the accelerated growth that our follow-on capital helped to fund.

Fundamentally, this is what Chrysalis was set up to do: identify excellent businesses and then back them to succeed, regardless of whether they choose to stay private or go public. This flexibility provides a highly differentiated offering in Europe, and is a key underpin of the strength in the Company's deal origination function, backed up by its increased scale.

The Company's share price rose 84% over the year to 267p, and, notwithstanding the post year end correction in technology stocks, it is still showing a substantial gain over the period from its opening level of 145p. While at the time of writing growth stocks appear to be out-of-favour with investors, experience shows how quickly market sentiment can swing. Fundamentally, the aim of Chrysalis is to invest in companies which can generate significantly faster growth rates in the medium-term than those typically available in listed markets. This should ultimately provide the Company the ability to outperform stock markets in share price terms.

Finally, I would like to thank the investment team at the Investment Advisor, which the Board believes has developed an impressive origination function. The majority of our deals have come from non-advised channels, and so are typically outside of formal funding rounds. This has allowed the team access to deals outside of competitive funding processes, at hopefully more attractive prices and better terms.

Having established a strong brand and origination channel, and with what I believe to be substantial embedded revenue growth within the portfolio, I believe the outlook for your Company remains very exciting.

Andrew Haining
Chairman
25 January 2022

Portfolio Statement

As at 30 September 2021

Company	Location	Cost Total (£'000)	Opening Value Total (£'000)	Net invested/ recycled Total (£'000)	Valuation change Total (£'000)	Closing Value Total (£'000)	% of net assets
Klarna Holding AB	Sweden	64,381	93,453	–	293,546	386,999	28.1
Starling Bank Limited	UK	88,248	69,641	35,000	106,126	210,767	15.3
Wise PLC	UK	21,838	79,658	(82,677)	111,719	108,700	7.9
wefox Holding AG	Germany	65,624[1]	–	109,319	(662)	108,657	7.9
You & Mr Jones LLC	USA	46,440	46,440	–	48,397	94,837	6.9
Smart Pension Limited	UK	75,000	–	75,000	13,600	88,600	6.4
THG PLC	UK	58,799	94,213	7,191	(14,721)	86,683	6.3
Graphcore Limited	UK	57,589	67,394	7,194	(13,043)	61,545	4.5
Embark Group Limited	UK	27,100	60,069	–	(3,169)	56,900	4.1
Cognitive Logic Inc.	USA	47,126	–	47,126	1,309	48,435	3.5
Deep Instinct Limited	USA	47,289	–	47,289	1,141	48,430	3.5
Revolution Beauty Group PLC	UK	44,879	–	44,879	(3,506)	41,373	3.0
Tactus Holdings Limited	UK	40,130	–	40,130	(51)	40,079	2.9
Featurespace Limited	UK	24,449	36,391	4,449	(6,111)	34,729	2.5
Secret Escapes Limited	UK	21,509	11,064	5,842	7,521	24,427	1.8
Sorted Holdings Limited	UK	15,000	11,690	5,000	1,015	17,705	1.3
Growth Street Holdings Limited	UK	12,612	1,256	–	76	1,332	0.1
wefox Holding AG Loan Note	Germany	–[1]	35,018	(60,250)	25,232	–	0.0
Total investments		**758,013**	**606,287**	**285,492**	**568,419**	**1,460,198**	**106.0**
Cash and cash equivalents						49,794	3.5
Other net current liabilities						(131,058)	(9.5)
Total net assets						**1,378,934**	**100.0**

[1] Loan note outstanding at 30 September 2020 converted to shares during the year.

Investment Advisor's Report

Nick Williamson and Richard Watts
of Jupiter Investment Management Limited

Wanted: Teams looking to reshape our tech world.

Overview

The year has seen considerable progress for the Company on a number of fronts. NAV has continued to grow strongly; our investee companies have delivered strong growth, in many cases culminating in funding rounds at valuations substantially above the Company's carrying value; portfolio diversification has continued; further realisations have been made; and the Company has grown significantly in scale.

The late-stage private market has continued to grow materially. Within that, crossover investing has become more prominent. Chrysalis established itself relatively early in this market shift, which has enabled it to take advantage of this trend.

We are extremely grateful to our investors who have supported the development of Chrysalis, with the March 2021 raise of £300 million in particular enabling significant further investment to be undertaken, supplemented by proceeds "recycled" from realisations in the year.

NAV

NAV per share grew approximately 57% over the year, continuing the strong progress since March 2020. As previously articulated, NAV growth in the "Investment Phase" was restricted by significant levels of new investment activity: new investments can take time to see their underlying financial performance fully reflected in their valuations.

The Company entered the financial year with approximately £16 million of cash and, over the course of the year, gross proceeds of £395 million were raised via two funding rounds. Gross investments of £380 million were deployed, with £255 million used to fund new investments and £125 million for follow-ons.

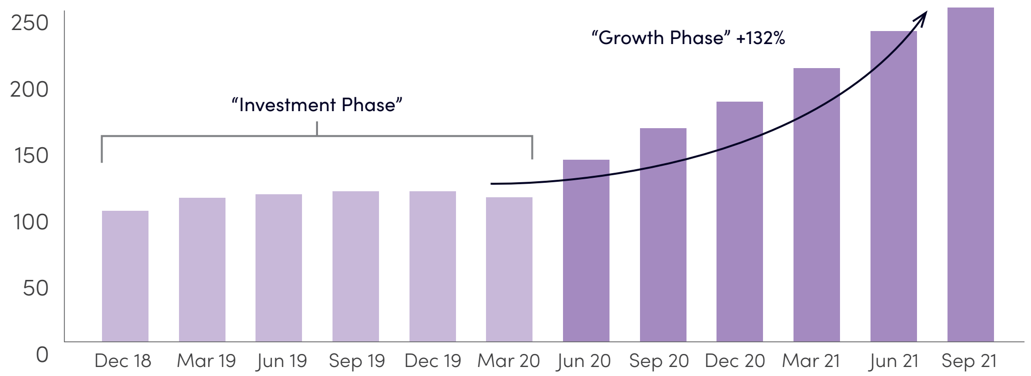
Cash proceeds from realisations of £95 million were received, of which £83 million related to selling part of the Company's position in Wise at point of IPO, and the rest from a top-slicing of the Company's investment in THG in the early part of the financial year.

Hitherto, realisations have been a relatively modest source of funds for reinvestment which was expected, given the investment phase the Company undertook in its initial years. Our expectation was that realisations would increase in scale as the portfolio matured, and the progress over the year demonstrates this.

"The market opportunity is substantial, and the investment that Chrysalis has made in us will enable InfoSum to grow our team, build a larger global footprint, and continue investing in new product developments and product enhancements."

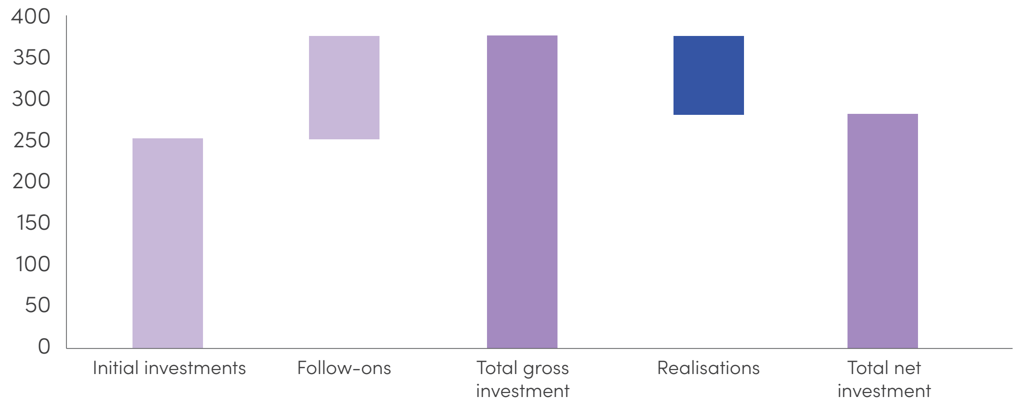
Brian Lesser
Chairman and CEO of InfoSum

Progression of NAV per share (pence)



Source: Chrysalis

Net investment by type (£ millions)



Source: Chrysalis

Investment Advisor's Report

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Market

The late-stage private market saw ongoing investor confidence over the year. This was mirrored by listed markets, such as the NASDAQ, which rose 29%; the S&P 500, which rose 28%; and the FTSE All Share, which rose 24%. The NASDAQ in particular saw its overall performance driven by a few of its biggest companies (FANMAGs[1]). In this regard we believe that Chrysalis' performance, where the valuer is not typically using the FANMAGs, but smaller and more relevant companies, as comparatives, demonstrates the attractiveness of a number of our investee companies' end markets to investors and their growth profiles.

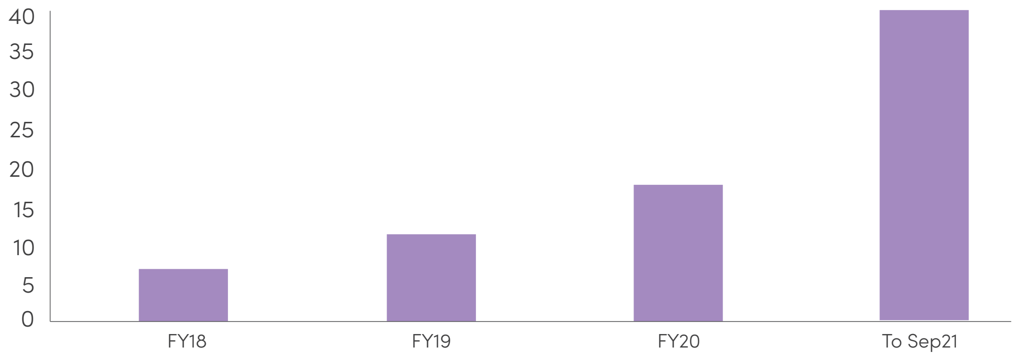
The prior year saw a substantial outperformance by the tech-heavy NASDAQ, versus the S&P 500, which we believe reflected investor confidence in the likely performance of tech-based business models in the teeth of the COVID-19 crisis. Last year marked more of a "normalisation" as the rollout of vaccine programmes gave confidence that more traditional business models would recover. The fact that the NASDAQ performed in line with the wider US market and consolidated its gains of the prior year suggests the COVID-19 driven boost to tech businesses is seen to be permanent by the market, a hypothesis we would agree with.

The late-stage private market saw approximately £38 billion of capital invested in the first nine months of 2021, more than twice that seen over the whole of 2020. We see this as clear evidence that other investors are now latching onto the trend we identified some years ago: that of companies staying private for longer. It also likely reflects the growing scale of a number of these private companies, and thus their growing capital requirements.

There has also been an increase in crossover activity. When we analyse the number of deals that have occurred in the key late-stage European private market in the first nine months of 2021, at least one major crossover investor participated in 15% of deals, more than double the activity levels of two years' ago.

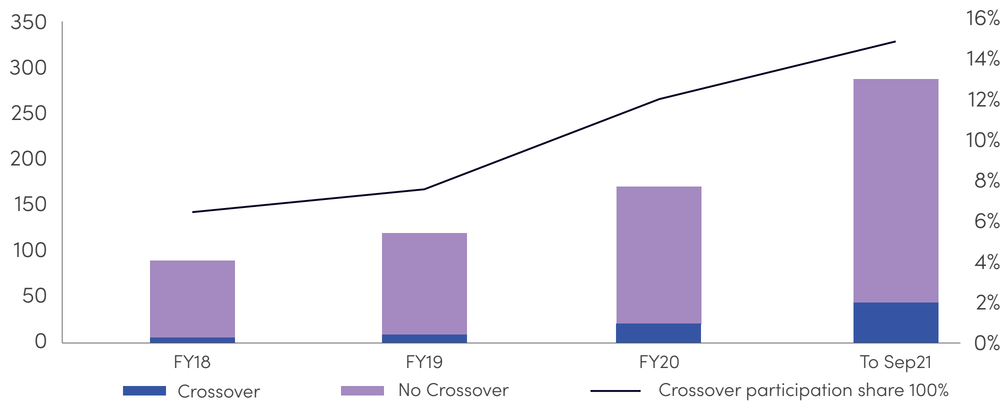
This activity suggests investors are beginning to adapt their investing behaviour to access innovative and disruptive companies that are choosing to stay private for longer.

Late-stage private market (£ billions)



Source: Pitchbook and Jupiter (Deals over £10m in size in Northern and Western Europe)

Major crossover participation in late-stage European deals (£ millions)



Source: Pitchbook and Jupiter (Deals over £25m in size in Northern and Western Europe)

[1]The FANMAGs are: Meta (formerly known as Facebook); Amazon; Netflix; Microsoft; Apple; and Alphabet (formerly known as Google)

Portfolio

The year marked another period of significant progress in the portfolio. We saw material funding rounds from a number of our investee companies; ongoing strong revenue growth from the portfolio; five new investments adding to overall diversification; and two realisation events.

The major drivers of gross asset performance, and thus NAV, came from some of our major investments. While Klarna was a stand out performer, eight of our eleven investments (excluding Growth Street - in liquidation) as of the beginning of the year saw uplifts; the only asset marked down to a significant degree was THG.

These revaluations were typically endorsed by funding rounds, often at materially higher valuations than our carrying values.

Klarna saw two major funding rounds over the year. The first, in March 2021, saw the company raise $1 billion at a post-new money valuation of $31 billion. The second, in June 2021, saw the company raise $639 million at a post-new money valuation of $45.6 billion. Our initial investment in 2019, at a $5.5 billion valuation, was used by Klarna to fund expansion into the US and UK markets. Klarna's successful penetration of the US market, in particular, was the key driver of valuation in these funding rounds.

Over the first nine months of 2021, Klarna reported 63% Gross Merchandise Volume ("GMV") growth to $57.3 billion, with the US growing at more than 300%. The US has low penetration of Buy Now Pay Later ("BNPL") and represents a huge consumer spending market.

The fact that the US represents less than 10% of Klarna's total GMV suggests a substantial opportunity for growth rates to remain strong in future years.

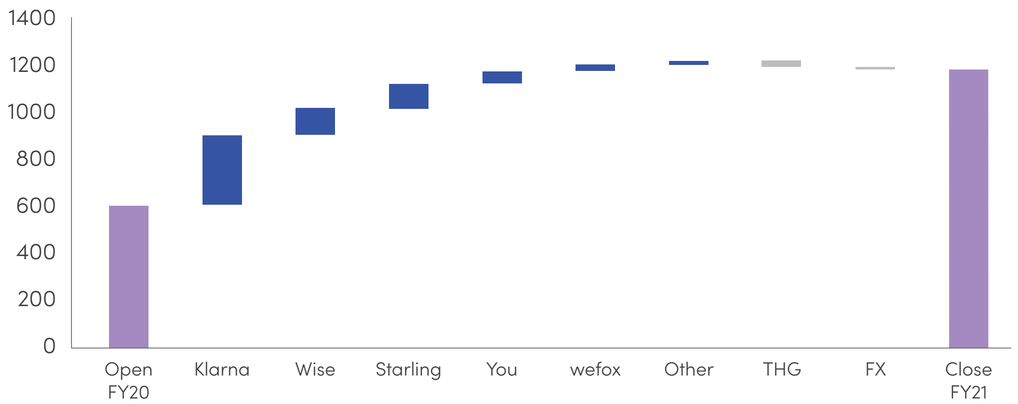
Wise also saw a strong valuation performance as it debuted on the London Stock Exchange by way of a direct listing IPO. The Investment Advisor's initial investment in Wise in late 2017, at a valuation of approximately £1.2 billion, predates the formation of Chrysalis, but Wise formed part of the initial seed portfolio for the Company. The investment case for Wise was well received by listed market investors and the shares opened at 800p – approximating to a market capitalisation of £8 billion – and rose to 1087p by year end.

Following the IPO of THG in September 2020, Wise represents the second public market listing from the portfolio. We sold approximately half of the Company's position in Wise around the IPO point, to control position size and enable capital to be recycled into the new investment opportunities undertaken over the summer of 2021.

Elsewhere, both Starling Bank and wefox continued their strong growth and subsequently successfully raised capital at levels substantially above their valuations on prior rounds.

THG was the only meaningful negative contributor to performance in the period, with its share price falling from 598p as of September 2020 to 507p as of September 2021. The share price fell further post year end, and this is addressed more fully in the relevant company section.

Drivers of portfolio valuation over the year (£ millions)



Source: Chrysalis

Investment Advisor's Report
(continued)

Portfolio activity

The two capital raises undertaken in the period were mainly deployed into growing the Company's number of holdings. At the time of our major raise in March 2021, we articulated an ambition to add between one and three new holdings per annum; in the event, over the summer of 2021, we added five. This was significantly higher than expectations and reflects the growing strength of our origination channel and ability to source deals.

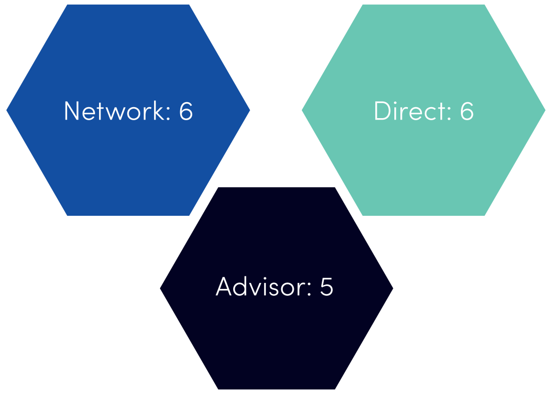
We think of the origination channel as having three legs:

- Network: Opportunities generated by our activities and contacts in both listed and private markets;
- Direct: Representing both inbound and outbound contact with potential investee companies; and
- Advisor: Captures broker and other introducer channels.

Of our 17 investments made to date, 12 have come via the network or direct channels. This is crucial, as this allows us to invest outside of a formal, often advisor-led, round and is thus typically less competitive.

In the year to 30 September 2021, we assessed approximately 150 deals, a number which has been growing steadily over time. These 150 deals put into context the five new investments we have undertaken: we are highly selective and our investment rate (~3%) is modest versus the opportunity set we see.

Origination channel source for portfolio investments (by number)



Source: Chrysalis

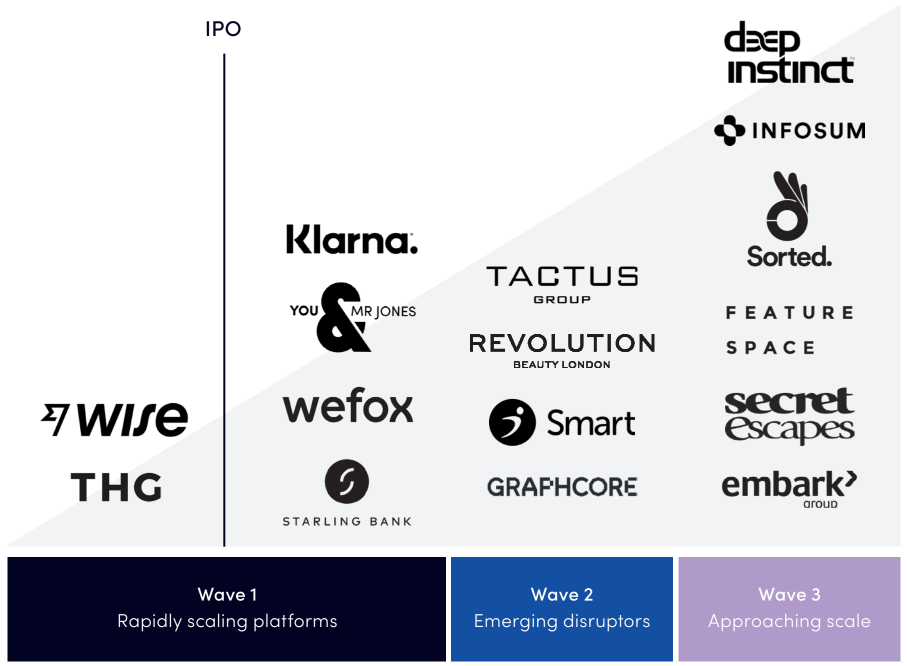
Following these new investments, the portfolio now comprises of 15 companies – excluding Growth Street, which is in liquidation, and Embark, which has been sold to Lloyds Banking Group plc, subject to completion.

This investment activity continued to diversify the company positions which the Investment Advisor indicated[1] will achieve a well-diversified, and crucially, self-sustaining portfolio of investments.

We not only consider diversification by number of units, but also by "wave" – the stage or maturity of a company. Our aim is to produce a portfolio that has companies at different stages of development within it. Often relatively less mature and likely smaller companies can have substantially faster growth prospects, albeit with a probable increase in investment risk. We can moderate that risk via careful stock selection, deal structuring and position sizing.

> "Chrysalis' long-term capital structure, crossover proposition, and scale, allowing the team to support their portfolio companies via follow-on investments, is extremely compelling. The team's collaborative approach, understanding of the market dynamics and focus on rapid growth clearly sets them apart."
>
> **Andrew Evans** (Group CEO) and
> **Will Wynne** (Group Managing Director)
> Co-founders of Smart Pension

Portfolio by investment "Wave"

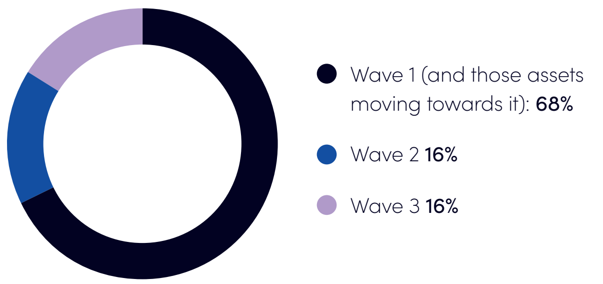


Source: Chrysalis

Wave 1, and those assets moving towards it, represent the largest and most mature of our investee companies accounts for approximately 68% of the invested portfolio.

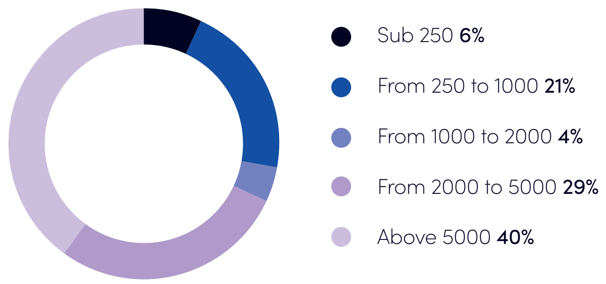
This dynamic is also reflected in the market capitalisation groupings of investee companies, with 73% of the portfolio invested in companies with valuations of over £1 billion.

Portfolio NAV by Wave



Source: Chrysalis

Split of portfolio by market capitalisation banding (£ millions)



Source: Chrysalis

[1] 15 units disregarding Growth Street (in liquidation) and Embark (sold subject to completion)

Investment Advisor's Report
(continued)

Market dynamics

We continue to believe revenue growth is the key to driving long-term NAV growth for shareholders. While listed valuations are prone to volatility, which can have an effect on the valuations of our unlisted positions, ultimately the only two valuations that really count are those at entry and exit. We believe our experience in listed markets gives us considerable insight into pricing, but we accept this is not ultimately within our control. Where we can make a difference is supporting our companies in their growth aspirations. We call this "driving success" and it is fundamental to our investment approach.

We aim to partner with companies for the long-term and assist them on their respective journeys to become the best businesses that they can be. The structure of Chrysalis suits this approach: the long-term nature of its capital, compared with fixed life funds, is very attractive to potential investee companies. It also gives us the ability to continue to fund growth post initial investment, and we have been very active in this regard.

Over 2021, we committed approximately £125 million to drive success for our companies. Major primary follow-on examples are Starling and wefox.

In the case of Starling, alongside the other major shareholder, we made a significant investment in early 2020 in order to give the bank the capital to support UK SMEs in the UK government's Bounce Back Loan Scheme, as well as the Coronavirus Business Interruption Loan Scheme. This government underwritten lending allowed Starling to rapidly expand its loan book in a low-risk way, drove exceptional revenue growth – in the quarter to June 2021, revenue was up 285% year-on-year – and led the bank to profitability in October 2020. This performance allowed Starling to raise over £300 million in early 2021 and is testament to the power of primary capital.

For wefox, we continued to support the company over 2020 when many other private market participants were reluctant to invest due to COVID-19 induced uncertainty. This enabled management to continue to pursue an acquisition agenda to supplement the high levels of organic growth being delivered.

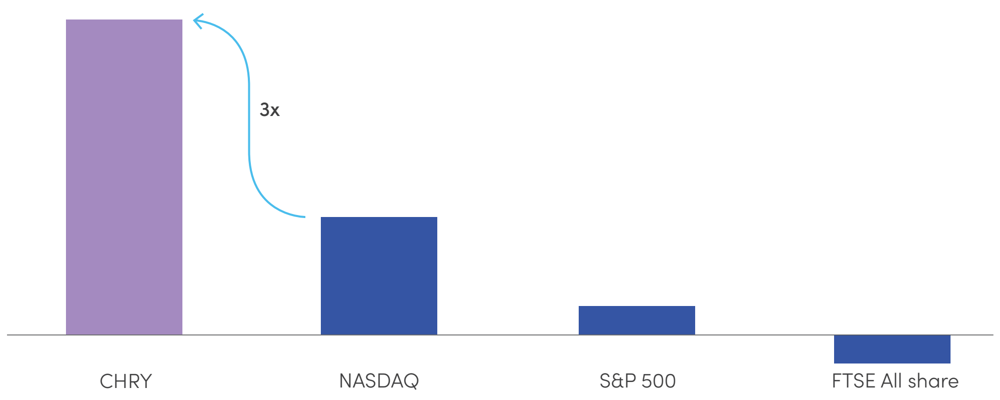
We believe the successful demonstration of strong growth over the year was a crucial consideration for those investors in the funding round in mid-2021, which valued wefox at approximately $3 billion. The impact of this type of support feeds through to the aggregate portfolio revenue growth rate, which continues to be exceptional.

Looking over the last two years, the compounded revenue growth rate of the portfolio is approximately three times that of the NASDAQ, nine times that of the S&P 500, while the FTSE All-Share has seen revenues fall 11% over the period.

We believe the portfolio still has a substantial runway for growth. An assessment of the aggregate revenue opportunity of the portfolio reveals a Total Addressable Market ("TAM") of over $1 trillion, with the largest six positions in the portfolio accounting for approximately 80%.

The aggregate market share of our companies is less than 1% of their TAM, implying substantial revenue opportunity remains.

Chrysalis versus selective indices: 2 year revenue growth rates



Source: Chrysalis and Peel Hunt (for indices)

If the market share of the portfolio doubles over the next three years this implies a compound annual growth rate in revenues of approximately 26%. Given Starling estimates it currently has a 7% market share in SME banking in the UK, after only launching its SME proposition in 2018, this sort of performance does not seem unrealistic.

On top of this we also see reasons why the TAM should grow:

- many of these markets are growing substantially already, such as e-commerce; and
- many of our companies have offerings and technology that will allow them to expand into adjacent verticals and open up new market opportunities.

In combination, these factors give us comfort that the portfolio has many years of substantial future revenue growth within it.

Outlook

We are optimistic about the opportunity for Chrysalis in the year ahead. This stems from our belief in the strength of the portfolio we have constructed, and in the structure of the platform we have developed.

While our focus remains on sourcing ideas from the private market, Chrysalis was purposely set up to allow it the flexibility to adapt to companies' needs, irrespective of whether they choose to raise capital in the public or private markets: the source of a company's funds is of less importance to us than the nature of its business model and end markets. Our long association with public markets tells us that most public market investors have a much shorter-term investment horizon than that needed for successful growth investing, where maximisation of value creation can often take some years to achieve. A vehicle like Chrysalis gives us the confidence to back our investee companies for long-term success, and allows us to follow them on their journeys, regardless of how they choose to finance themselves.

This leads us to the Chrysalis blueprint, which is to seek out tech-enabled, disruptive businesses, operating in large-end markets with compelling unit economics and proven business models.

As we look at how the late-stage private market is developing, it could be argued that Chrysalis itself shares many of these characteristics. The late-stage private market is growing very quickly; the crossover model is proving disruptive, as evidenced by its growing market share; and Chrysalis has proven itself capable of accessing many of the best-of-breed investee companies, mainly via its proprietary origination channels.

Much of the work over the last three years since IPO has been spent on developing the Chrysalis platform and scaling it. While this is a process of continual refinement and evolution, much of the heavy lifting in this regard has been achieved. In particular, our "platform" is well established and we are continuing to invest in it.

Post year-end we welcomed two new colleagues on to the team. Rebecca Whiting joins to assist us in a financial capacity to help oversee modelling, liquidity management

Split of portfolio aggregate TAM

Source: Chrysalis

Investment Advisor's Report
(continued)

and reporting processes. Andrew Mortimer has joined the Jupiter UK Small & Midcap Team as ESG Investment Director and will help develop our ESG process to give more insight to investors regarding the work we are already doing in this space.

Last year the portfolio saw a significant benefit from accelerated channel shift due to COVID-19 pushing consumers towards digital channels and our expectation was that much of this channel shift would prove to be permanent. While there have been some disruptions and tough growth comparatives for certain portfolio companies to navigate, particularly in e-commerce, to date it appears our hypothesis was fundamentally correct: many of our companies are still growing strongly on top of last year's exceptional growth.

Our focus last year was on increasing the scale of Chrysalis. A combination of two fund raises and strong NAV growth has delivered a material increase in gross investible assets, which rose by 140% from approximately £606 million to approximately £1.5 billion. This has enabled Chrysalis to be much more relevant to larger potential investee companies as well as those with likely ongoing funding requirements. This growth meant we made our largest single investment this year, a £75 million primary commitment to Smart Pension.

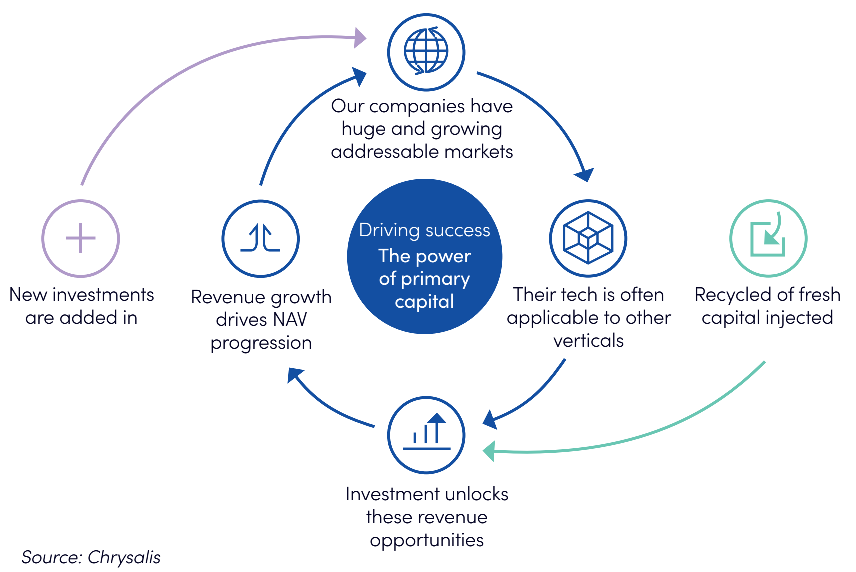
Having made a number of new investments over the year, our focus for the year ahead is likely to be more balanced between new investment and follow-on. As previously discussed, we see follow-on as key to accelerating the potential growth of our investee companies, driving future NAV performance. While we undertake secondary transactions, to gain access to an investment case – such as our initial investment in Wise – or to increase a position size, providing primary capital is at the heart of the Chrysalis model.

We believe primary capital can drive a flywheel effect in our investments, allowing them to unlock opportunities and drive revenues. Having done substantial work on diversifying the portfolio over 2021, our aim for 2022 is to do our upmost to ensure the flywheel spins as fast as possible.

"The strength of our portfolio, reflected in our estimates that it has an aggregate revenue opportunity of >$1tn with a current combined market share of less than 1%, has reinforced our conviction that there is significant embedded revenue growth potential still to be delivered as our companies continue to take market share."

Nick Williamson
Investment Advisor
Jupiter Investment Management Limited

The Power of Primary Capital Flywheel



Source: Chrysalis

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Investment Advisor's Report
(continued)

£64.4m

Total Investment

£386.9m

Carrying Value

5th August 2019

Date of initial investment

Last Reported Financials

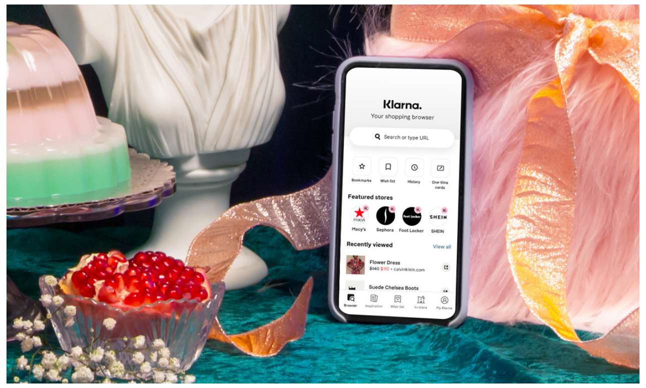
Y/E December 2020: SEK10.0bn Net Revenue (+40% YoY); SEK1.4bn Loss after taxation

klarna.com

Klarna Holding AB

Online shopping has many points of friction, for both customers and retailers, which Klarna's services are designed to smooth out. At a consumer level, Klarna offers easy tracking of orders; an enhanced returns offering; and merchant funded credit. The latter is of considerable interest as it spreads the cost of credit over the retailer's entire customer base, rather than credit card models, which rely on those least able to pay to generate revenues for card providers, via typically high APRs.

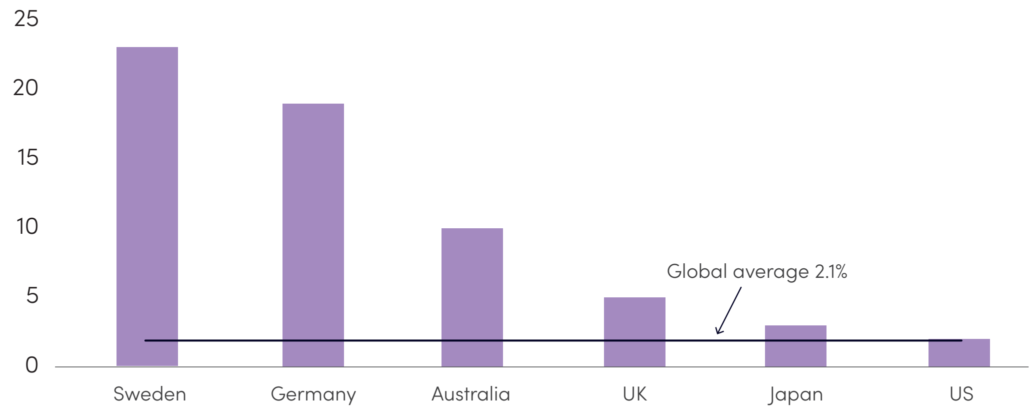
For retailers, reduction in these points of friction result in better conversion metrics, and thus revenues. Klarna has seen considerable progress over the year, culminating in substantial increases in valuation. The building blocks for this performance were laid in previous years, driven by the investment rounds in 2019 and 2020, in which we participated, designed to fund expansion in the US and UK.



The US is particularly interesting, given its size and low penetration of Buy Now, Pay Later ("BNPL"). In 2020, the US was estimated to have 2% BNPL penetration, double that of 2019, but still well below the UK at 5%, and other markets[1]. Given the size of the US market, there would appear to be significant room for growth, which is what attracted us to the investment case in Klarna initially.

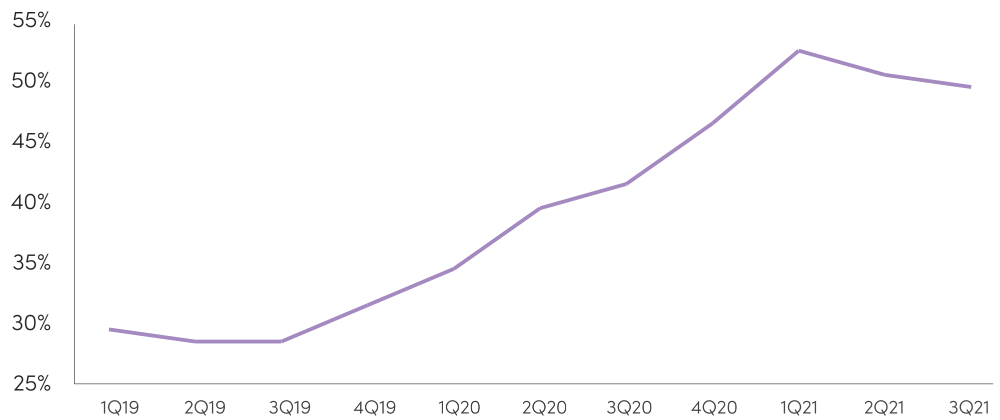
Over the first nine months of 2021, Klarna saw material growth in the US with GMV rising by over 300% in US dollar terms, leading to overall GMV growth for Klarna of 63% in USD (approximately 48% in SEK). This is well above the circa 30% growth rate level Klarna was running at before entry into the US and UK gathered pace.

Penetration of BNPL in selected markets (% of ecommerce payments 2020)



Source: Statista and Chrysalis

Klarna GMV growth rate (rolling 12m in SEK)



Source: Klarna and Chrysalis

[1] Source: Statista

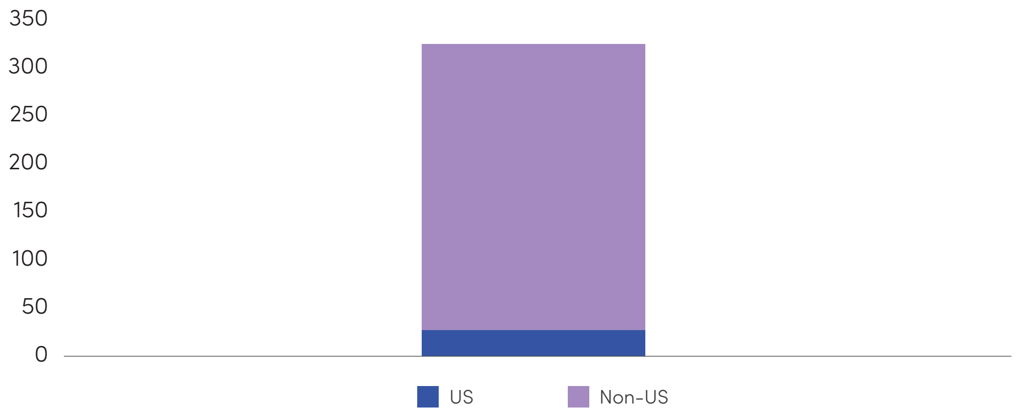
Investment Advisor's Report
(continued)

Klarna Holding AB (continued)

Despite strong growth, the US still only accounts for less than 10% of Klarna's total GMV, implying substantial future upside if penetration continues to grow.

Credit card debt was aggressively paid down by US consumers over the pandemic. It remains to be seen whether this is a pure function of lock-down, or whether the ease and attractiveness of other forms of credit have also played a part. Anecdotal evidence suggests the latter is a strong driver, with BNPL resonating with customers on a number of levels.

US share of Klarna GMV as of 1H21



Source: Klarna and Chrysalis

We believe it is trends like these that have triggered significant interest in the sector from investors and by industry. As a result, there has been considerable corporate activity, namely:

- Block's (formerly Square) acquisition of Afterpay for $29 billion;
- Amazon's partnership with Affirm; and
- PayPal's acquisition of Paidy in Japan for $2.7 billion.

Klarna has also been active on the M&A front as it looks to build an offering that benefits both retailers and consumers. Over the last year, Klarna has completed over 10 deals, most recently including PriceRunner – to bring reviews to its customers, Inspirock – an online trip planner, and APPRL – a SaaS ("Software as a Service") platform linking creators and retailers to develop content for shoppers.

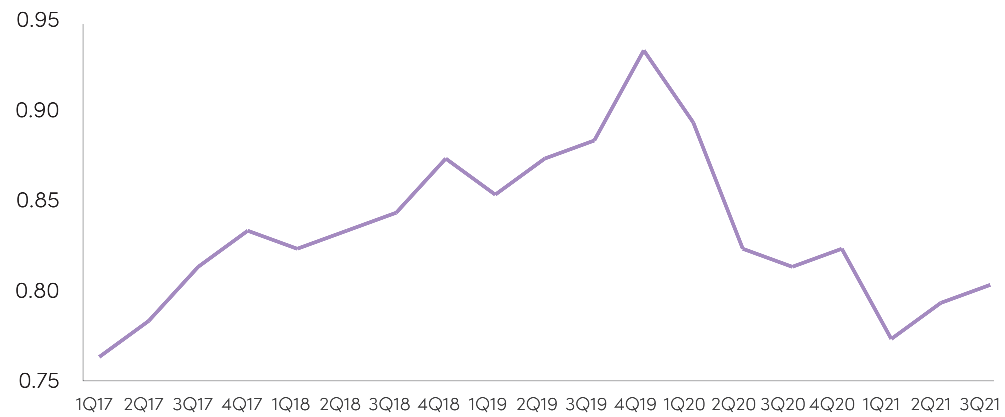
Adding other services around its core financing product should increase the attractiveness of Klarna to consumers and boost conversion for retailers, thus making its app more valuable to both parties.

Post year end, Klarna announced a strategic partnership with Stripe, which will allow retailers using Stripe to activate Klarna in their checkouts within minutes. Initial results from Stripe retailers using Klarna indicate an average 27% increase in sales, with some retailers experiencing up to 40% of Klarna shoppers being new to their brand. It is estimated Stripe processed approximately $350 billion of GMV in 2020[1] versus Klarna's GMV of $53 billion in the same year.

On the ESG front, Klarna has committed to cut carbon emissions by 50% by 2030 and to operate at net zero by 2040. It will use 100% renewable energy by 2025.

Klarna has set an internal price on carbon - 100 USD for Scope 1, 2, and travel emissions – and invests the funds from the internal carbon tax into projects selected from a climate transformation portfolio and enables consumers to do the same.

Outstanding credit card debt of US consumers ($ trillions)



Source: New York Federal Reserve

[1] Source: https://backlinko.com/stripe-users

Investment Advisor's Report
(continued)

STARLING BANK

£88.2m
Total Investment

£210.8m
Carrying Value

12th February 2019

Date of initial investment

Last Reported Financials

March 2021 (16 months): £119.5m Total income (+400% versus prior period of 12 months); £9.2m Loss after taxation

starlingbank.com

Starling Bank Limited

Banking has traditionally been dominated by the branch model, leaving it out-of-sync with society's shift towards technology. Where technology has been adopted by banks, typically it has been an expensive and frustrating process to integrate into a model that was designed in an analogue world.

Starling was founded as a digital, mobile-first, scalable platform from the start, meaning it is relatively easy to implement new products and services. This was used to great effect during the pandemic and those effects continued to be felt over the year.

Following on from a transformational 2020, which saw rapid growth fuelled by the difficulties faced by branch-based competitors and the roll out of government backed lending schemes, which Starling actively participated in, 2021 saw continued strong growth.

Notable events in the year were:

- October 2020 – the bank moved into profitability (profit before tax);
- March 2021 – a £322 million funding round was undertaken at a post new money valuation of over £1.4 billion, providing additional firepower and broadening the investor base;
- July 2021 – Starling acquired buy-to-let specialist, Fleet Mortgages, to provide in-house origination capability;
- July 2021 – Starling named "Best British Bank" for the fourth year in a row at the British Bank Awards;
- September 2021 – Starling announced its intention to make its tech stack available as a "Banking-as-a-Service" ("BaaS") offering in the EU.

We first invested in Starling in early 2019, when the bank was beginning to see meaningful revenue traction. However, over the course of the last two years it has been transformed and now generates well over £200m of revenue on an annualised basis and has reported a phenomenal CAGR of over 500% over the last three years. Deposits and lending have also grown significantly, with the latter being a major driver of revenue growth.

More and more customers are flocking to Starling. As of early 2022, the bank had over 2.7 million accounts open, of which 475,000 were for SMEs. Starling's share of the UK market for small business banking is now over 7%, up from 3% in 2020.

The trading statement released covering the quarter to June 2021 is also illuminating in terms of what it reveals about the business model.

In that quarter, the bank reported profit before tax of £7.3 million, corresponding to a return on equity ("RoE") of 16.7%, despite only operating a loan-to-deposit ratio ("LDR") of approximately 35%. What does this imply for the future?

LDR can be seen as a crude "efficiency" metric for a bank: how much of the deposit book is supporting lending. Many banks operate at an LDR of roughly 100% but struggle to make significant returns on equity. The fact that Starling can deliver meaningful profitability off lower LDR speaks to its efficiency as a platform. This manifests in two key ways:

- Its market-beating cost of funds, currently around 4 basis points; and
- Its very low "cost-to-serve", which is driven by its tech platform and absence of an expensive branch network to maintain.

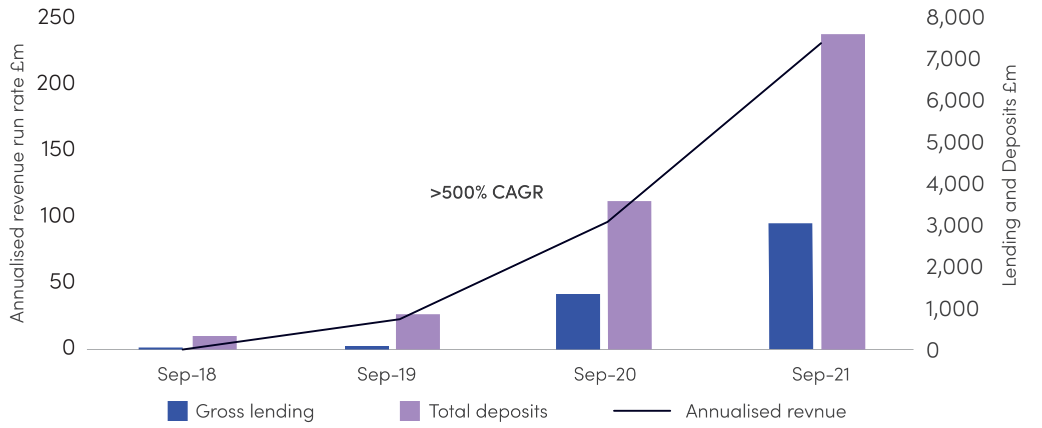
The question we work with management on is: "how much profit can this bank earn running an LDR more in line with the market?"; our suspicion is probably quite a lot.

In order to achieve this, Anne Boden (CEO) has publicly articulated a strategy to continue to sustainably grow the core bank, while branching into other related areas. In terms of the bank, she expects to continue to expand the balance sheet, to utilise the 4 basis point, market-beating cost of funds, via strategic forward flow agreements, organic lending across various asset classes and a targeted M&A ("Mergers and acquisitions") strategy, to supplement the recent Fleet deal.

In terms of adjacencies, the ramp-up of BaaS will allow Starling to move outside the UK in an efficient way and allow brands access to a platform on which they can build their own financial capability. In our view, this should open up new revenue streams for Starling of a type that are recurring and sticky and thus typically highly valued by investors. Progress is being made in this regard, for example the recent tie-up with Standard Chartered to launch Shoal – a green savings platform.

In terms of ESG, in November 2021 Starling committed to a one third reduction target in its carbon emissions by 2030 and to offset carbon emissions from its own operations and supply chain annually from 2021.

Starling – lending, deposit and annualised revenue performance 2018-2021 (£ millions)



Source: Starling and Chrysalis

£21.8m

Total Investment

£108.7m

Carrying Value

7th November 2018

Date of initial investment

Last Reported Financials

Y/E March 2021: £421.0m Revenue
(+ 39% YoY); £109m adjusted EBITDA

transferwise.com

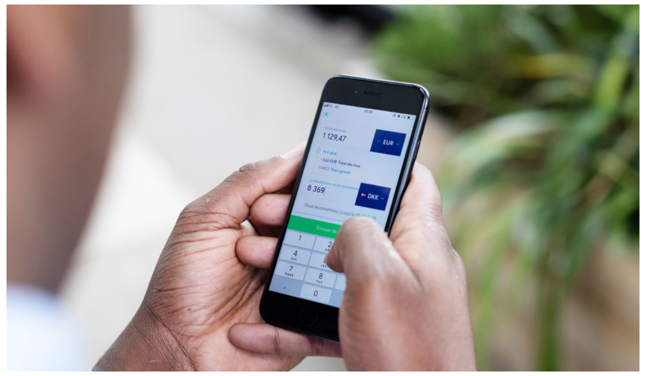
Wise PLC

Transferring money around the globe has historically been an expensive undertaking, with many financial institutions charging several percent of the principal in fees at different stages of the money transfer. Wise was set up to use technology to create a more efficient network to move money cross border, and it shares those benefits with its customers, resulting in market-leading rates.

The major event in the year for Wise was its successful listing via direct IPO on the London Stock Exchange. Wise marks the second of our companies, following THG in 2020, to IPO since Chrysalis' formation.

At the Investment Advisor's point of first investment in Wise, which predates the establishment of Chrysalis by about a year, the company's valuation was approximately £1.2 billion. The IPO clearing price implied a market capitalisation of approximately £8 billion at 800p per share, which climbed in the aftermarket to 1087p at year end.

The Wise proposition is heavily consumer oriented: trying to provide the cheapest method to move money in the most convenient way. Much of the company's investment focuses around opening up new currency pairs, driving down the cost of transactions, and improving speed.

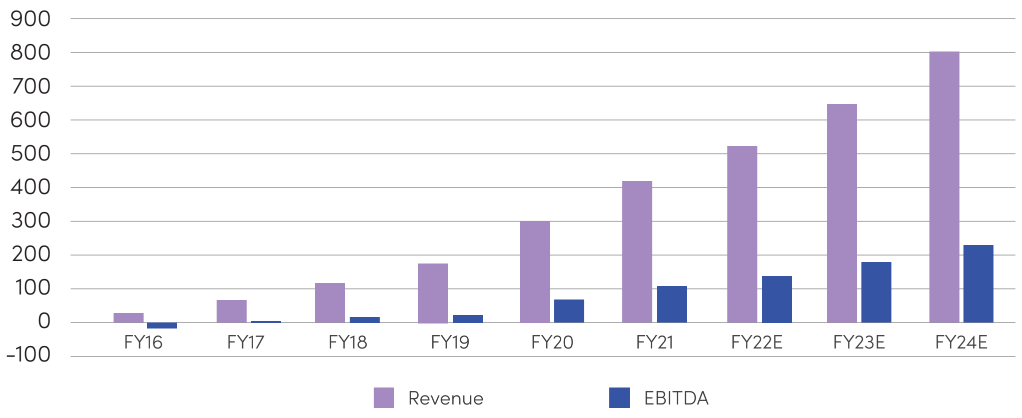


Over the first half of its financial year to September 2021, trading volumes rose 44% year-on-year to £34.3 billion and instant transfers now account for 40% of volumes, up from 32% in the prior year. The prices customers pay, or the "take rate", fell from 74bps to 65bps as Wise continued to offer customers the best possible prices and share its efficiencies. This meant revenue growth of 33% was achieved in the half, and prompted management to upgrade annual revenue growth from "low to mid 20s on a percentage basis" to "mid-to-high 20s on a percentage basis" over its fiscal year to March 2022.

In addition, efficiencies in the platform drove increased guidance to full year gross margins, resulting in EBITDA upgrades.

Although there was some short-term nervousness by investors over the decline in the take-rate, in our view this fundamentally misunderstands the Wise proposition, where efficiencies can be partly invested in price to drive more volume, while shareholders still benefit from improving profits. Looking ahead, the fact that gross margins are rising is very positive for further strong progress over the coming periods, and they could be enhanced further by Wise's moves to offer new services to customers, such as its recent launch of "Assets", which allows customers to hold cash in a stock market fund, instead of on account.

Wise – growth in sales and EBITDA (£ millions)



Source: Wise and Bloomberg forecasts as of 10 November 2021

Investment Advisor's Report
(continued)

£65.6m
Total Investment

£108.7m
Carrying Value

18th December 2019
Date of initial investment

Last Reported Financials
Not publicly disclosed

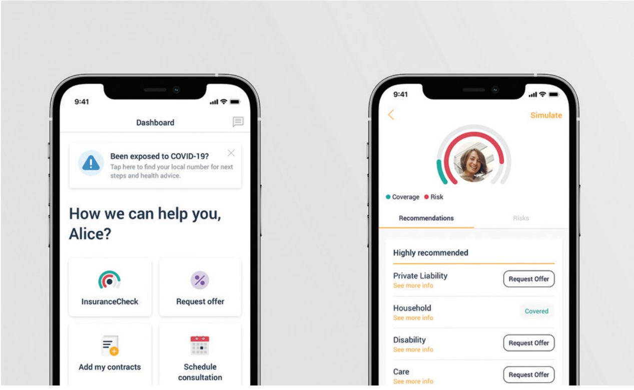
wefox.de

wefox Holding AG

The insurance industry is ripe for disruption, with the vast majority of insurance policies across Europe still sold via high street brokers. wefox has developed a digital platform which enables insurance brokers to automate administrative tasks, consult with customers and accelerate lead generation. wefox benefits from increased scale as it negotiates better commission terms with insurance provides, compared to smaller insurance brokers. The company has also launched a fully digital insurance product – ONE – that integrates with the wefox marketplace. wefox can analyse data sets and distribute ONE insurance products to the most profitable customer cohorts which leads to best-in-class Customer Acquisition Cost ("CAC") and loss ratios. This is a highly disruptive and profitable business model to operate.

In June, wefox announced a record $650 million Series C funding round at a post-money valuation of $3 billion. This funding round had strong participation from both new and existing investors and represents the largest financing round in the InsurTech sector worldwide. Following this funding round, the company has penetrated new geographies such as Poland, Italy and Spain and has expanded its product portfolio in existing markets.

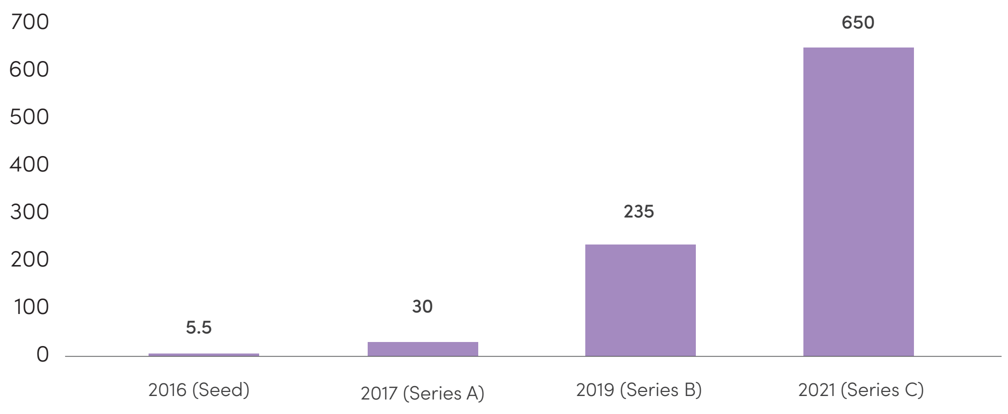
In the coming years, wefox has indicated that it will continue to increase its presence in Europe and move to both the US and Asian market.



These growth initiatives, coupled with selective M&A, are leading to rapid growth. wefox has doubled its annual turnover every year since its inception in 2015 and reported sales of $143 million for the 2020 financial year and an initial profit for wefox Insurance (formerly ONE). Year to date, growth has accelerated and Julian Tiecke (CEO) recently commented that revenues are expected to reach $336 million in 2021, implying a rate of growth of +135%.

The executive team at wefox has been strengthened following the funding round and the business is attracting some top industry talent. The company recently appointed Peter Huber as CIO (previously CEO of Zurich International), David Stachon as COO (previously CEO of Generali's direct insurer CosmosDirekt) and Young Sohn as Chairman (previously President of Samsung Electronics and Non-Executive Director at ARM).

wefox Funding Round History ($ millions, 2016 – 2021)



Source: wefox

Investment Advisor's Report
(continued)

£46.4m
Total Investment

£94.8m
Carrying Value

30th September 2020
Date of initial investment

Last Reported Financials
Not publicly disclosed

youandmrjones.com

You & Mr Jones LLC

Few categories are as ripe for technology-driven change as marketing and communications. The future of marketing will rely on expert curation of multiple service providers and the continued fragmentation of media, and the broadening diversity of audiences will lead to an unprecedented level of complexity for the brand owner. You & Mr Jones has designed the operating model for the future where multiple service providers can be invoked at ease through a core technology platform, creating a marketplace of expertise through a single point of contact.

You & Mr Jones (which was renamed The Brandtech Group on 12 January 2022) is the world's first Brandtech group and its mission is to help businesses do their marketing better, faster and cheaper using technology. In just 6 years, the company has grown into the global market leader in content in-housing and is now delivering enterprise-level marketing technology solutions for some of the world's biggest brands, including: Unilever, Google, Adidas, Microsoft, LVMH, Danone, Uber and Reckitt Benckiser.

[1] Source: Zenith Optimedia 2019

(left to right) David Jones, Founder & CEO; Simon Martin, Founder & Chief Executive of Oliver; Emma Cookson, Partner; Sharon Whale, Chief Executive Officer, Global Markets & Operations of Oliver

2020 was an exceptional year for You & Mr Jones, reporting +27% organic net revenue growth for the year, and 2021 started with even greater momentum, with organic net revenue growth of +34% through Q1. The company is significantly outperforming the traditional legacy holding companies, which all experienced a significant decline in revenues and is performing slightly better than its closest peer, S4 Capital.

Future growth will be underpinned by M&A and organic growth initiatives. The group recently launched You & Mr Jones Media which we view as a particularly exciting development. The division will be led by former Mindshare Global CEO Nick Emery and is looking to deploy a $300m war chest to build a totally new media model for brands that puts them back in control of their media, and empowering them through transparency, technology, and in-housing.

You & Mr Jones acquired DP6 shortly after the year end which is Latin America's leading marketing technology and data company. DP6 is based in Brazil and delivers technology and data solutions for many of the region's largest businesses as well as numerous global brands operating there, including Carrefour, CNN, BASF, Nubank and Whirlpool. The company provides technology and data expertise, from data measurement to media attribution, martech integration, data science, AI-powered analytics and content optimisation.

Finally, we note the company's continued ability to attract great talent. You & Mr Jones hired Virginie Douin, Amazon's head of global agency partnerships, to lead the expansion and acceleration of the group's ecommerce offering, including enterprise-level partnerships. The company also announced the appointment of Will Luttrell, founder and CTO of Integral Ad Science and, more recently, founder and CEO of Amino as its Chief Technology Officer.

Investment Advisor's Report
(continued)

Smart

£75.0m
Total Investment

£88.6m
Carrying Value

25th June 2021
Date of initial investment

Last Reported Financials
Y/E June 2020: £7.9m Revenue
(+161% YoY); £21.4m Loss after taxation

smartpension.co.uk

Smart Pension Limited

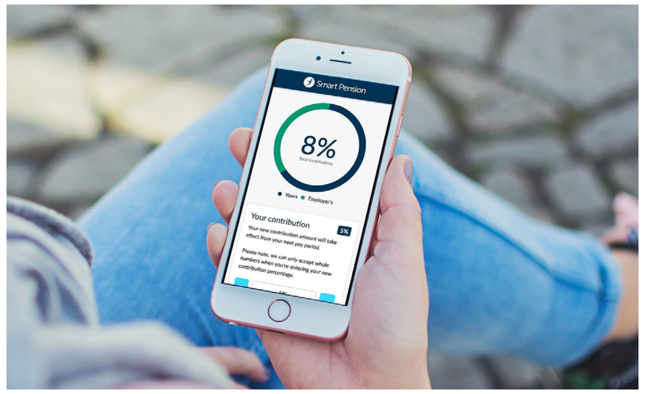
Governments around the world recognise a need for their citizens to save more for retirement and a number have begun to mandate saving via employer schemes. Smart is a global savings and investments platform provider, founded in 2014, which has used technology to create an efficient offering to make it easier for both employers and employees to save. Its mission is to transform retirement, savings and financial well-being around the world.

Smart partners with governments and financial institutions (including insurers, asset managers, banks and financial advisors) to deliver retirement savings and income solutions that are digital, bespoke and cost efficient. Smart's focus is on the workplace pension market, and it helps employers to offer, typically government mandated, pensions schemes in an efficient manner to their employees.

In the UK, it operates one of the biggest master trusts. Smart's technology also helps employees effectively and easily manage their pension pot via an app.

In addition to the UK, Smart is operating in the USA, Europe, Australia and the Middle East with close to a million savers entrusting over £1.7 billion in assets on the platform. Smart supports its clients with a 550 strong global team and saw 160% growth in assets on its technology platform in 2020.

Over the course of the year, Smart saw very strong growth driven by growing customer traction from both domestic and international markets.



TACTUS
GROUP

£40.1m
Total Investment

£40.0m
Carrying Value

18th August 2021
Date of initial investment

Last Reported Financials
Y/E March 2021: £42m Revenue
(+422% YoY); £2.3m Profit after taxation

tactusgroup.com

Tactus Holdings Limited

The global gaming sector continues to grow rapidly, and this is fueling demand for gaming devices and accessories. There are now more than 2.5 billion gamers worldwide and the global gaming industry is forecast to grow at a rate of 9.2% per annum through 2025 to $257 billion (Source: Mordor Intelligence). Tactus is a beneficiary of this trend and is building a global technology group with unrivalled expertise in the gaming sector. The company focusses on the supply of own and third-party branded custom gaming PCs, component parts, and accessories to consumers, enterprise, and the education sector.

The market which Tactus operates in is hugely fragmented and sector consolidation formed a key part of our investment thesis. Year to date, Tactus has completed the acquisition of PC gaming specialist CCL Computers, coding and robotics firm pi-top and our investment enabled the company to more recently complete the acquisition of B2B ("Business to Business") IT hardware provider BIST Group, and the award winning PC gaming brand Chillblast. The company is looking to continue to execute on its M&A pipeline which should enable it to realise revenue and cost synergies, enjoy the benefits of scale and have increased control of its supply chain.

We were extremely pleased to see Tactus' efforts recognised by its partners and in April, Tactus was named the Microsoft Device Partner of the Year. This represents a landmark accomplishment for the group, and demonstrates its ability to produce and source innovative technology. The award was granted following a 600 per cent rise in revenues for Geo, which makes premium-finish Windows 10 laptops and GeoBook Minecraft Edition devices.

Investment Advisor's Report
(continued)

THG

£58.8m

Total Investment

£86.7m

Carrying Value

17th December 2018

Date of initial investment

Last Reported Financials

Y/E December 2020: £1.6bn Revenue (+42%); £0.5bn Loss after taxation

thg.com

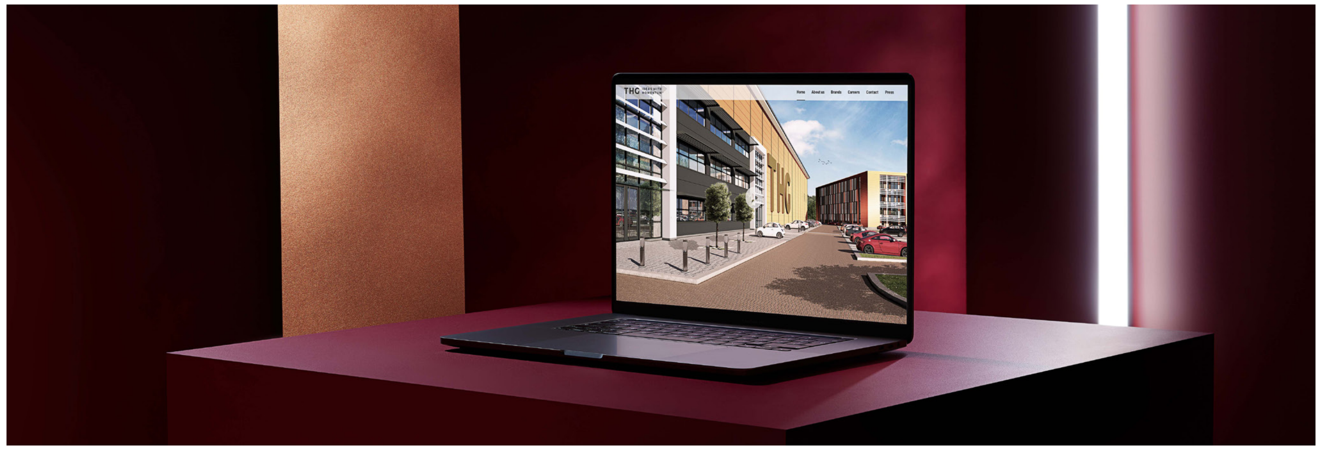
THG PLC

The bulk of THG revenue is associated with its beauty and nutrition divisions, which sell own and third party brands around the world. However, we believe much of the future growth story at THG centres around its ecommerce and logistics platform – Ingenuity – which powers both THG's own operations, as well as offering its service to external parties. For many companies, building their own ecommerce offering can be a significant investment, with no certainty of adequate returns. Ingenuity solves this problem, by offering a one-stop shop for companies looking for a cost-effective solution to get online or open new global markets.

Considerable activity has occurred at THG since its IPO in September 2020.

Over the course of the year, it has made several acquisitions mainly to bolt onto its existing beauty operations, including:

- Perricone (September 2020), a US prestige skincare brand for $60 million, effectively a 1x continuing sales multiple;
- Dermstore.com (December 2020), the US number one online retailer of prestige skincare and speciality beauty brands for $350m, implying a forward 12 months' revenue multiple of c1.8x;
- Brighter Foods (April 2021), a developer and manufacturer of snack bars, which was already working with THG's nutrition arm. Consideration was £43 million with expected £20 million revenue and £6.5 million EBITDA contributions in 2022;
- Bentley Laboratories (May 2021), a developer and manufacturer of prestige skin and haircare products. The total consideration was $255 million with an expected impact of $77 million of revenues and $15 million of EBITDA in 2022; and
- Cult Beauty (August 2021), a UK based online beauty retailer to broaden customer choice compared to THG's existing beauty sites. The total consideration was £275 million and Cult Beauty is expected to add approximately £140 million of sales and £10 million EBITDA in 2022.



M&A was one of the main drivers for THG's listing, and execution of this part of its strategy has been rapid.

Elsewhere, Ingenuity – THG's ecommerce solutions platform – announced a partnership with SoftBank, which saw the Japanese conglomerate inject approximately $730 million into a fund raise of over $1 billion. In addition, an option was granted to SoftBank to enable it to inject a further $1.6 billion into Ingenuity at an implied pre new-money valuation of $6.3 billion for the division, which is due to be separated from the group.

Ingenuity – THG's proprietary ecommerce and logistics platform – provides services to both THG's beauty and nutrition divisions, but has also begun to offer them to third parties. The growth available in this market is substantial, we believe, and the division is growing from a small base of revenues. This has made it hard for the stock market to value accurately, and we saw the SoftBank investment as endorsement of the growth potential and valuation of Ingenuity.

However, into period end and post period, the share price suffered heavy selling pressure reaching c121p in January 2022. While well documented, the reasons appear to centre around:

- concerns over corporate governance;
- uncertainty surrounding the possible exercise of the SoftBank option to buy 19.9% of Ingenuity and the implicit £4.5 billion valuation of the division, as well as prospects for its future growth; and
- a modest, downgrade to EBITDA mainly FX driven.

In response, THG has:

- made several moves designed to improve corporate governance, including: a commitment to rescind the founder's Golden Share, which effectively prevents an unwanted takeover in the next two years, and splitting the role of CEO and Chairman, with a process underway to identify an independent candidate to fill the latter;
- appointed a SoftBank representative to its board; and
- upgraded expectations for Ingenuity growth.

As the representative of major shareholders, we engaged with the company to understand and support its plans, particularly in respect of corporate governance, and we are encouraged by the company's optimism surrounding Ingenuity. As part of our normal process, we have revisited our investment case and believe there has been no substantive change to the investment thesis since IPO. Given the current valuation, we believe there is significant upside potential in THG shares, and as a result, have topped up the Company's position in THG following the year end.

Investment Advisor's Report
(continued)

GRAPHCORE

£57.6m

Total Investment

£61.5m

Carrying Value

17th December 2018

Date of initial investment

Last Reported Financials

Y/E December 2020: $3.3m Revenue (-67% YoY); $127m Loss after taxation

graphcore.ai

Graphcore Limited

The use of Artificial Intelligence ("AI") models in society continues to grow. Currently the hardware used to accelerate the associated heavy computational workloads is dominated by graphics processors from Nvidia ("GPUs"). These chips have been repurposed from their intended original focus to run AI models.

In 2018 Graphcore launched its first chip, the IPU ("Intelligent Processing Unit"), which was designed from first principals to address the AI market's likely future requirements. In July 2020, it revealed its second generation IPU with an 8x step up in performance.

Following its raise of $222 million in December 2020, Graphcore has continued to invest heavily in its technology, most visibly in its software development kit, where it has released several updates, giving customers further functionality and ease-of-use, and resulting in improved performance.

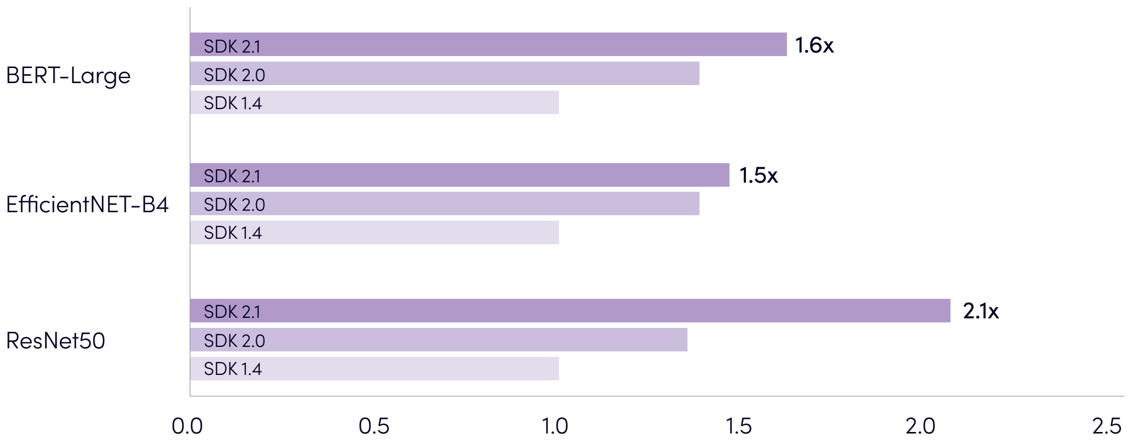
This culminated in its first submission to MLPerf for comparative benchmarking tests. Results from this showed a significant advantage (between 1.3x-1.6x) for Graphcore over incumbent Nvidia in terms of performance per dollar - which is a critical consideration for many hyper-scaler buyers. Importantly, these results were based on existing model architectures, which are typically ubiquitous due to their suitability to run GPU based workloads.

On next generation architectures, the IPU's advantage improved to 3.8x.

Graphcore hopes to turn its technological developments into commercial sales during 2022.

Performance enhancements from new software

Performance improvements since SDK 1.4 (December 2020)



Throughout comparisons relative to SDK 1.4 BERT-Large Phase 1 Pre-Training (SL128) Throughput G16- EfficientNet-B4 Training Throughput ResNet50 v1.5 Training Throughput

https://www.graphcore.ai/performance-results

Source: Graphcore

£27.1m

Total Investment

£56.9m

Carrying Value

14th August 2019
Date of initial investment

Last Reported Financials
Y/E December 2019: £34m Revenue
(+5% YoY); £1m Profit after Tax

embarkgroup.co.uk

Embark Group Limited

Embark was formed in 2013 with a strategic vision to build a leading independent digital retirement platform in the UK that combined the technology strengths of the wrap platform (where users can access and manage their entire portfolio of investments online), with the deep pension expertise of the traditional SIPP ('Self-Invested Personal Pension") and SSAS ('Small Self-Administered Scheme") players. The company completed its technology build with FNZ and has since sold its proposition on STP/API quality, an unrivalled service performance and highly disruptive pricing.

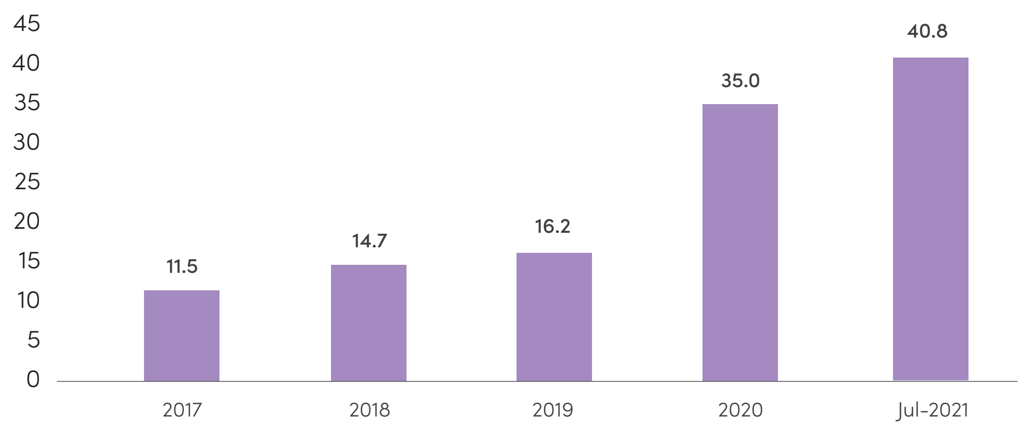
The business has grown significantly since we first invested in 2019, driven by two material M&A transactions, and over the last twelve months management has been focused on migrating acquired client assets onto the Embark platform. In February, the company completed the successful migration of over £7 billion of advised assets onto the platform from the client books of Alliance Trust Savings ("ATS"), including those from trading service provider Stocktrade, which it acquired in October 2019.

In July 2021, Embark announced its sales to Lloyds Banking Group (Lloyds), subject to regulatory approval. Lloyds will acquire Embark Group Limited ("EGL") and its subsidiary brands for a consideration of £395m, but the sale excludes the Rowanmoor SIPP and SSAS administration business, which is being retained by existing shareholders.

This transaction demonstrates the value of our proposition. The funds we committed to this business enabled the management team to complete value accretive M&A and grow AuA from c£16 billion to over £40 billion.

This transformed Embark into one of the UK's fastest growing digital retirement and savings businesses with huge strategic value.

Embark Assets under Administration (AuA) (£ billions, 2017 – July 2021)



Source: Embark

£47.1m

Total Investment

£48.4m

Carrying Value

16th August 2021

Date of initial investment

Last Reported Financials

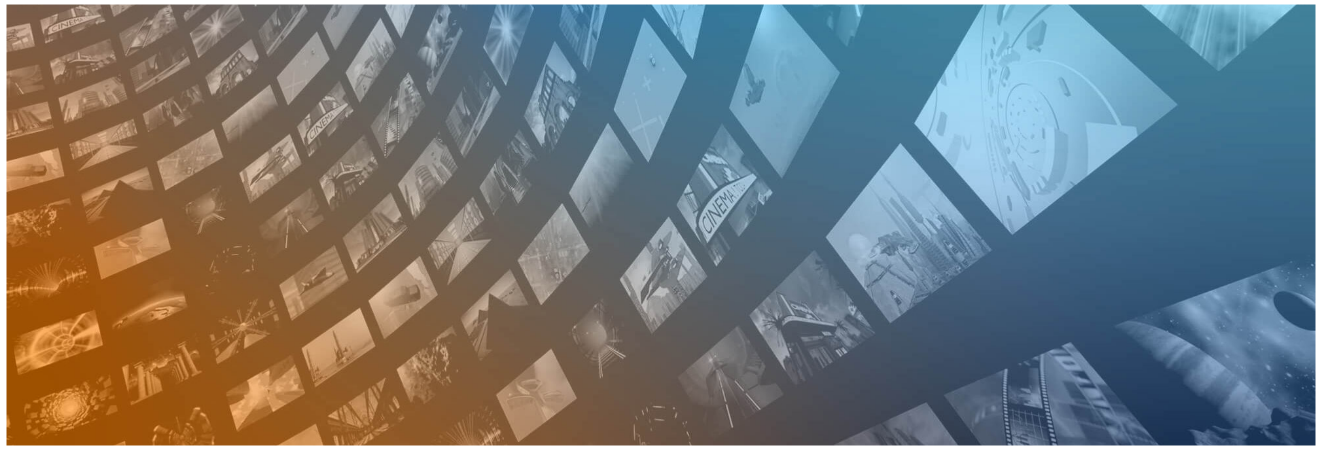
Not publicly disclosed

infosum.com

Cognitive Logic Inc. ("InfoSum")

Regulatory changes and individuals' growing awareness of privacy issues means that many of the ways companies have looked to enhance their understanding of customers' online behaviour and preferences – so called "data enrichment" – have become either unavailable, or unpalatable. Regulatory changes have included GDPR in the UK and CCPA in the US. Apple's launch of App Tracking Transparency in April 2021, which allowed users to stop apps tracking their data for use in advertising, caused significant disruption in the market, with Forbes reporting only 4% of US users permitting tracking. Google is also considering a move to phase out third party cookies, although this has been postponed to 2023.

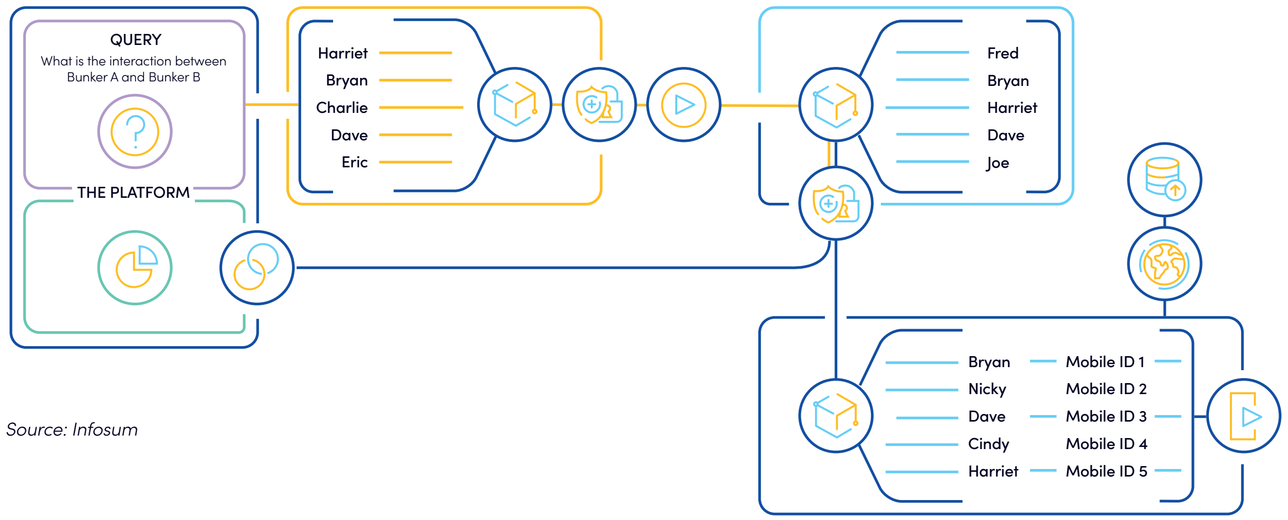
This lack of data enrichment has already seen disruption in the advertising revenues of many online platforms over 2021. Regulatory rule changes plus commercial considerations also make it difficult for companies to share data as they have commitments surrounding their customer information if they are seen as data controllers, and do not wish other organisations to benefit from access to their data.



InfoSum is the world's leading data collaboration platform empowering companies to deliver better customer experiences while prioritizing customer privacy. Using patented, privacy-first technology, InfoSum connects customer records between and amongst companies, without moving or sharing data.

Since launching the platform in 2019, global customer-oriented companies across financial services, CTV, retail, healthcare, gaming, and entertainment trust InfoSum to seamlessly and compliantly deliver better customer experiences.

InfoSum was founded in 2016 with a vision to connect the world's data without ever sharing it. The company has multiple patents, protecting its invention of the "non-movement of data". InfoSum is based in the US, UK and Germany, with offices across Europe and North America.



Source: Infosum

£47.3m

Total Investment

£48.4m

Carrying Value

6th July 2021
Date of initial investment

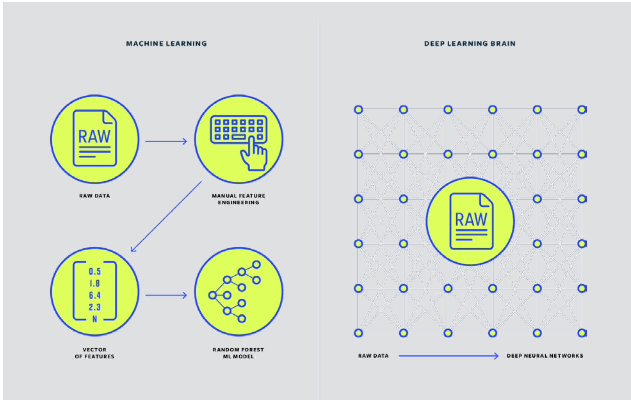
Last Reported Financials
Not publicly disclosed

deepinstinct.com

Deep Instinct Limited

Cyber security is a growing issue. For corporate endpoints alone, IDC estimates the market will be worth $9.7 billion in 2021, as companies look to protect themselves from hacking with a growing emphasis on ransomware. The current market can be broadly categorised into legacy providers, such as the original anti-virus companies, and the next generation, which are typically using machine learning solutions.

Deep Instinct is the first company applying end-to-end deep learning to cybersecurity. Deep learning is inspired by the brain's ability to learn. Once a brain learns to identify an object, its identification becomes second nature. Similarly, as Deep Instinct's artificial deep neural network brain learns to prevent any type of cyber threat, its prediction capabilities become instinctive.



Its zero-time cybersecurity solution stands on top of the only deep learning framework purpose-built for cybersecurity, allowing Deep Instinct to process file-based threats faster than other endpoint solutions.

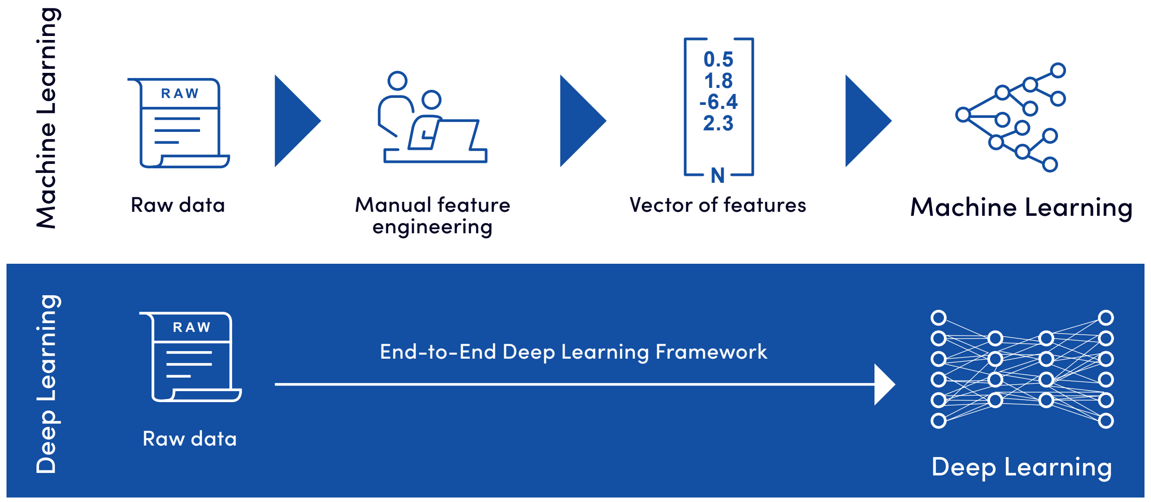
More specifically, its unmatched deep learning approach offers:

- Accuracy - Deep Instinct reduces false positives to 0.1% or less, compared to an industry average of 26%. A June 2021 survey revealed that 62% of SecOps professionals feel that threats in their company could get missed due to the overwhelming volume of false positives, while 86% believe the tools driven by data science (AI/Machine Learning/Deep Learning) will make a significant impact in preventing unknown threats and reducing false positives. In addition, as the model is trained to look and detect like a human, it prevents >99% unknown threats, such as first-seen malware, zero-days, ransomware, and APT (advanced persistent threat), as well as known threats. To the best of the company's knowledge, no Deep Instinct customer has suffered a successful ransomware attack since the start of the pandemic.
- Speed - the low (<1% CPU) computational impact of the technology makes it the most efficient and effective cybersecurity solution in the market, with a sub 20 millisecond response time. Platform-agnostic, Deep Instinct can be quickly deployed across an organisation to deliver multi-layered protection with negligible latency.
- Model longevity - unlike many other providers that need to update their platform monthly, Deep Instinct's "brain" requires only 1-2 updates per year, and remains highly effective after many months, ensuring offline scanning remains effective.
- Impact – a study by leading analyst, Forrester Consulting, showed an ROI ("Return on investment") of 446% over a 3 year period, with payback to the business visible in less than 3 months.

Deep Instinct prides itself on being able to predict and prevent threats, rather than an EDR ("Endpoint Detection and Response") solution that is more focused on response, which in many cases is too little too late. Deep Instinct prevents malicious files from ever entering an enterprise, thus substantially reducing the time and cost required to track, trace, and rectify any infections.

The Company's confidence in its technology is reflected in its provision of both the industry's first false positive warranty, and the industry's largest ransomware warranty, backed by Munich Re Group.

The company continued to build out its go-to-market strategy over the year and post year end signed a major partnership with Tanium that we believe could be very significant. Tanium manages endpoints for nearly half of the Fortune 100, and this relationship will see Deep Instinct integrated into its Threat Response solution, thereby offering a new, major route to market.



Source: Deep Instinct

REVOLUTION
BEAUTY LONDON

£44.9m

Total Investment

£41.4m

Carrying Value

19th July 2021
Date of initial investment

Last Reported Financials
Y/E February 2021: £157.6m Revenue (+15% YoY); £18.0m Loss after taxation

revolutionbeauty.com

Revolution Beauty Group PLC

Revolution Beauty is a UK based beauty company that operates a digital first strategy but has multiple channels to market for its various brands, which cover a number of different categories including makeup, skincare and hair products.

The company differentiates itself with its speed to market: it looks to identify beauty trends quickly and bring them to the market within 16 weeks, making it significantly more agile and responsive than its global competitors, which typically take 6 to 12 months.

In addition to this, Revolution Beauty prices its products extremely competitively, and its offer is predicated on providing high-quality, affordable cosmetic products for everyone.

REVOLUTION SKINCARE LONDON
REVOLUTION HAIRCARE LONDON
REVOLUTION MAKEUP REVOLUTION LONDON
Planet REVOLUTION CLEAN EVOLUTION BEAUTY
REVOLUTION PRO
I ♥ REVOLUTION
XX REVOLUTION BEAUTY LONDON
REVOLUTION MAKEUP REVOLUTION LONDON

Source: Revolution Beauty

Chrysalis met Revolution Beauty as part of a "pilot fishing" (a pre-IPO exploratory meeting) exercise at the request of the CEO, Adam Minto, due to the Company's ability to invest both privately and publicly. Having analysed the investment case for Revolution Beauty and undertaken channel checks on the brand, we believed that the brand has a significant runway for growth.

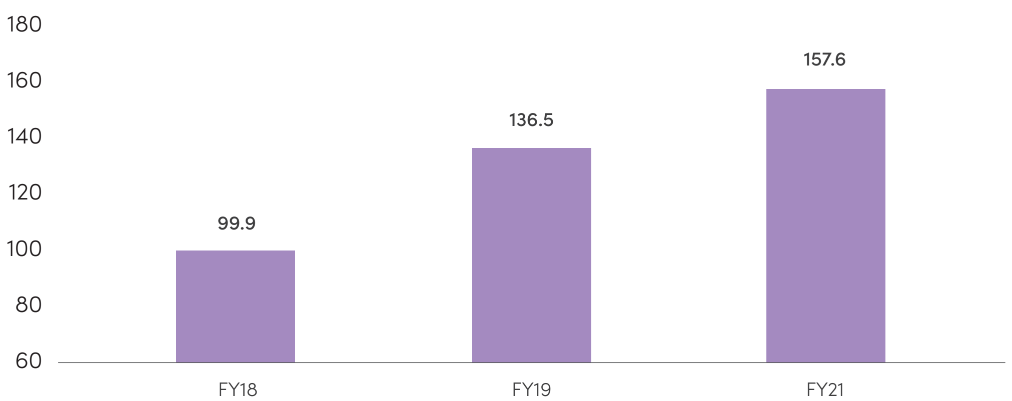
Revolution Beauty decided to IPO and was admitted to AIM with a market capitalisation of £495 million. Chrysalis, along with other funds managed by the Investment Advisor, entered into a cornerstone agreement with Revolution beauty as part of its IPO, and invested £45 million as part of this process. While the Company's primary goal is to secure access to exciting companies prior to their IPOs and capture the subsequent growth in private markets, one of its other aims is to position itself favourable at the point of IPO.

Recent trading has been strong, and Revolution Beauty recently reported £78 million of revenues in the six months to 31 August 2021, representing a 35% increase from the same period in 2020. In spite of this, the share price has fallen since IPO, down approximately 8% to year end, and has suffered further losses since, in line with many other e-commerce retailers.

US sales increased by 90% over the period and the US is on course to become the group's biggest country by revenue globally in 2021. In Q1 2021, Revolution Beauty launched in 1,800 Target stores through the US and its Makeup Revolution brand is already a top performing brand in the Target makeup category. A local site was also launched in the US in January 2021 and in Australia/New Zealand in March 2021 and both sites are generating triple digit percentage increases in sales.

More recently, the company announced the acquisition of Medichem Manufacturing for a total consideration of £23 million. Medichem is a long-standing supplier of haircare and skincare products to Revolution Beauty, manufacturing all products from its UK facility. This represents Revolution Beauty's first acquisition and provides the Group with its own, fully-owned and vertically integrated manufacturing business. This should enable the group to enhance margins, increase control of its supply chain and enhance productivity. This is a value accretive deal and the company stated that it will be significantly earnings enhancing for the financial year ending 28 February 2023.

Revolution Beauty Revenue (£ millions FY18 – FY21)



Source: Revolution Beauty

FEATURE SPACE

£24.4m

Total Investment

£34.7m

Carrying Value

13th May 2020
Date of initial investment

Last Reported Financials
Y/E December 2020: £21.0m Revenue (+19% YoY); £11.8m Loss after taxation

featurespace.com

Featurespace Limited

Financial fraud continues to be a major, worldwide problem. The Federal Trade Commission reported US consumers lost £3.3 billion to fraud in 2020, with over a third being via imposter scams. In the UK, over £750 million was lost to fraud over 1H21, up 30% on the prior year.

The real driver of this was authorised push payment ("APP") fraud, where a customer is tricked into sending money to a fraudster, which saw a 71% increase to £355 million. APP fraud has risen partly due to the increase in "card not present" transactions, where the customer is physically not present at point of transaction, which rose substantially during COVID-19 induced lockdowns. Payment card scams actually fell 9% over first half of 2021.

Featurespace's technology uses machine learning to detect frauds more accurately, resulting in a reduction of 75% in false positives, with the majority of fraud attacks blocked as they occur, allowing real time decision making.

So far this year, over 70 new companies have directly and indirectly selected Featurespace's technology to deliver an enhanced level of fraud and risk management. These include eftpos, the Australian debit card payment system; a large Irish financial services company; a major Nigerian payments and switch services provider; and multiple banks across the U.S. and Europe. This global expansion was recognised in April when the company received the Queen's Award for Enterprise: International Trade, which follows its Queen's Award for Innovation in 2018.

Featurespace has also continued to drive innovation, introducing Automated Deep Behavioral Networks for the card and payments industry to provide a deeper layer of defence to protect consumers from scams, account takeover, card and payments fraud, which cost an estimated $42 billion in 2020.

A breakthrough in deep learning technology, this invention required an entirely new way to architect and engineer machine learning platforms based on Recurrent Neural Networks.

secret escapes

£21.5m

Total Investment

£24.4m

Carrying Value

7th November 2018
Date of initial investment

Last Reported Financials
Y/E December 2019: £169m Revenue (+40% YoY); £12.7m Loss after taxation

secretescapes.com

Secret Escapes Limited

Every year hotels struggle to manage their capacity and are often left with unoccupied rooms that impact yield. They are often unwilling to market these rooms at discounted prices in case this affects their brand and ability to price in the future.

Secret Escapes Limited ("Secret Escapes") is a members-only online travel company. Its digital marketplace uses innovative technology to connect travelers with discounts on luxury hotels and travel experiences. It helps hotels minimise unsold inventory by allowing them to discreetly market to its members who are seeking luxury travel at affordable prices. The firm operates in many countries around the world and is the market-leading membership-based travel company in Germany, UK, Czech Republic, Poland, Slovakia and the Nordics.

The pandemic and a series of lockdowns over the last 18 months has created a tough backdrop for online travel businesses, and we supported the company with additional capital in 2020 to allow it to continue to invest in its offering and have sufficient cash runway assuming booking patterns normalise over the course of the next 12-18 months.

Secret Escapes made good progress on this front over the last twelve months and successfully re-platformed Travelist onto the Travelbird technology stack that it acquired in 2018, while continued progress is being made on its consumer app and Always On Hotel Only offering. In the periods where COVID-19 travel restrictions have been eased we have seen a positive correlation with bookings and revenues. This gives us increased confidence that Secret Escapes can grow rapidly once we come out of the pandemic.

In addition, operational efficiencies have been realised through the financial period, and we believe when revenues scale on this new cost base, it will drive a more attractive margin profile.

Investment Advisor's Report
(continued)

Sorted.

£15.0m
Total Investment

£17.7m
Carrying Value

15th August 2019
Date of initial investment

Last Reported Financials
September 2020 (16 months): £5.2m Revenue (+94% versus prior period of 12 months); £6.9m Loss after taxation

sorted.com

Sorted Holdings Limited

COVID-19 accelerated channel shift and highlighted the importance of investing in a comprehensive online direct-to-consumer ("D2C") solution. Sorted has developed a delivery management platform ("DMP") which enables retailers to easily and effectively manage their delivery and returns proposition. This enables retailers to increase conversion rates, reduce abandoned baskets and boost customer satisfaction.

Enterprise retailers became increasingly focused on their delivery and returns capability throughout the pandemic, and this has led to an acceleration in the sales pipeline and customer acquisition. During the period, Sorted landed a number of enterprise accounts, including JD Sports, Dunelm, boohoo.com, M&S, ASDA, Hobbycraft, Music Magpie and Lovehoney. Encouragingly, many of these retailers have also opted to use Sorted REACT, an automated tracking and post-purchase communications solution.

More recently, the executive team was strengthened to lead the company into the next stage of its growth. Carmen Carey, who has been a Non-Executive Director on Sorted's board of directors for the past two years, took over as CEO. Carmen joined Sorted from trading and risk management software solutions provider Brady Technologies (where she held the position of CEO). Previously, Carmen was CEO at Big Data Partnership, Apica and Control Circle and was COO at Unbabel, MetaPack and MessageLabs. Other senior hires include Iain Greig as Non-Executive Director and interim COO, Steve Langley as Vice President of Product, and Axel Lagerborg as Vice President of Sales.

Post year-end, Sorted announced the acquisition of Clicksit. Clicksit is an enterprise grade returns management solution that operates in both the US and UK. This acquisition enables Sorted to extend its commercial model by providing enterprise clients with an end-to-end service. It also enables the company to penetrate the US and the SMB (small and midsize business) markets which will materially enhance the serviceable addressable market.

GROWTH STREET

£12.6m
Total Investment

£1.3m
Carrying Value

22nd January 2019
Date of initial investment

Last Reported Financials
Not publicly disclosed

growthstreet.co.uk

Growth Street Holdings Limited

Growth Street was set up to provide innovative and flexible revolving credit lines to SMEs, supported by a peer-to-peer funding model. As detailed in last year's Report & Accounts, due to two large loan losses in 2020, the major shareholders decided to wind up the business. The company is currently going through the final stages of liquidation, having paid out full recoveries to investors that funded the Growth Street platform.

Investment Advisor's Report
(continued)

Stewardship and Environmental, Social and Governance Policy

Overview

As Investment Advisor we integrate stewardship and analysis of material ESG factors, including climate change, systematically across all of our investment strategies. Further details on the approach can be found in Jupiter's Stewardship Policy and Annual Stewardship Report, available on the Investment Advisor's website.

As long-term investors, our fund managers create sustained and effective relationships with the executive of its investee companies, and this enables more meaningful and relevant engagement. The Chrysalis ESG policy, available on the Company's website, outlines principles and commitments during the four stages of investment: i) deal origination; ii) investment decision; iii) ownership; and iv) exit.

Philosophy

The Company's investments will typically constitute a minority holding unlike many private market participants that operate as control or majority investors. Although in certain instances we may hold a board seat, our investments will typically constitute a minority holding, and our ESG framework reflects that.

There is no single type of business in which Chrysalis invests, however our aim is to find companies which display a number of characteristics which we call the "Chrysalis blueprint". Typically, they will be founder-led businesses with huge addressable markets and structural tailwinds. Their core assets are intellectual property and the people who create it. They use technology to solve customer problems in novel ways, putting the customer at the centre.

Often, in disrupting incumbent business models they will unlock more value for customers than they capture for themselves. Lastly, companies should also have a clear roadmap to profitability, and the ability to achieve and sustain exceptional rates of growth.

From an ESG perspective, we believe that such businesses are, almost by definition, well-positioned to navigate the transition to a low carbon economy.

They are also likely to be significant job creators, with positive spillover effects elsewhere in the economy. To grow successfully, companies and their founders must not only execute strategically; they must also lay the foundations for future growth by creating appropriate corporate governance structures.

Though they are in growth mode, they must also consider long-term themes relating to the sustainability of their business model. This includes a broad range of considerations, but fundamentally the purpose of the business must remain focused on creating value for all of these stakeholders and reduce negative impacts if it is to succeed over the long term.

ESG Integration

The integration of material environmental, social and governance factors is applied throughout the investment process and is assessed in terms of both risks and opportunities that drive long-term value. The process is described in detail in the company's ESG Policy, which can be found on our website. The fund manager conducts detailed due diligence on every potential investment opportunity.

The analysis incorporates material ESG factors including the following where applicable:

- Corporate Governance
- Strategy and performance
- Environment
  - Sustainability
  - Climate
- Trust and reputation
- Corporate reporting
- Human Capital
  - Remuneration
  - Culture and values
  - Development, diversity and engagement
- Social Impact
  - Human rights
  - Supply chain
  - Financial inclusion

Stewardship

Stewardship is an important responsibility and a core aspect of our investor approach. We aim to partner with companies for the long-term and assist them on their respective journeys to become the best businesses that they can be. The structure of Chrysalis suits this approach: the long-term nature of its capital, compared with fixed life funds, gives us the ability to continue to fund growth post initial investment, and as such we remain actively engaged and well-positioned to influence companies on ESG and other topics.

There is a continuous process of dialogue with the leadership teams of our investee companies. We typically attend board meetings of investee companies as observers to monitor strategic and governance matters.

We regularly provide our input where we believe we can advise companies on how to meet their strategic objectives. This includes regular dialogue to understand how ESG goals are being met and whether new challenges have arisen.

Our investment focus on late-stage growth companies is an important feature of our proposition. It provides a level of comfort that the business models and strategies employed by the investee companies are sound; it provides assurance that the management teams are proven; and it gives confidence that the businesses are financially robust.

It also makes it important that founders and management teams prepare themselves to go public as there is a relentless focus on ESG matters in the public markets. Companies face multiple demands in response to shifting regulation, consumer preferences, stakeholder concerns and shareholder expectations. It is important that private companies considering listing prepare themselves for the additional scrutiny which comes with going public.

We recognise the importance of these issues, and we believe that our decades of experience investing in public markets means we are well placed to act as a sounding board for companies as they prepare for the scrutiny that comes with going public. We hold regular dialogue with the Boards of portfolio companies on these topics.

Sustainability

We expect all our investments to minimise their operational impacts and conduct their business in a sustainable manner. We look for evidence that appropriate policies and governance mechanisms are in place to enable companies to achieve this. Where we identify a deficiency in a portfolio company's ESG practices we will develop a roadmap and work with the company to address any issues. Selected examples of leading practice by our portfolio companies can be found in the relevant sections of the Investment Advisor's Report.

A number of our portfolio companies provide solutions for pressing societal problems, such as financial crime prevention, cyber crime, data security and privacy. Others exhibit a positive impact by disrupting sectors in which incumbents had captured high costs, such as consumer credit or cross-border transactions, and passing these savings back to customers. Looking ahead, we are seeing opportunities to invest in innovative companies which seek to address other systemic challenges, such as climate change.

Given our investment process, it will not surprise investors that the Company has no direct exposure to fossil fuel producers or other extractive industries. Additionally, we will not invest in companies that manufacture weapons or utilise forced or child labour.

Jupiter Investment Management Limited
Investment Advisor
25 January 2022

Investment Objective and Policy

Investment objective

The investment objective of the Company is to generate long term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted and listed companies.

Investment policy

Investments will be primarily in equity and equity-related instruments (which shall include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by portfolio companies. The Company will also be permitted to invest in partnerships, limited liability partnerships and other legal forms of entity where the investment has equity like return characteristics.

For the purposes of this investment policy, unquoted companies shall include companies with a technical listing on a stock exchange but where there is no liquid trading market in the relevant securities on that market (for example, companies with listings on The International Stock Exchange and the Cayman Stock Exchange). Furthermore, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

The Company may invest in publicly traded companies (including participating in the IPO of an existing unquoted company investment), subject to the investment restrictions below. In particular, unquoted portfolio companies may seek IPOs from time to time following an investment by the Company, in which case the Company may continue to hold its investment without restriction.

The Company is not expected to take majority shareholder positions in portfolio companies but shall not be restricted from doing so. Furthermore, there may be circumstances where the ownership of a portfolio company exceeds 50% of voting and/or economic interests in that portfolio company notwithstanding an initial investment in a minority position. While the Company does not intend to focus its investments on a particular sector, there is no limit on the Company's ability to make investments in portfolio companies within the same sector if it chooses to do so.

The Company will seek to ensure that it has suitable investor protection rights through its investment in portfolio companies where appropriate.

The Company may acquire investments directly or by way of holdings in special purpose vehicles, intermediate holding vehicles or other funds or similar structures.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk, as far as reasonably practicable. No single investment (including related investments in group entities) will represent more than 20% of Gross Assets, calculated as at the time of that investment. The market value of individual investments may exceed 20% of gross assets following investment.

The Company's aggregate equity investments in publicly traded companies that it has not previously held an investment in prior to that Company's IPO will represent no more than 20% of the Gross Assets, calculated as at the time of investment.

Subject in all cases to the Company's cash management policy, the Company's aggregate investment in notes, bonds, debentures and other debt instruments (which shall exclude for the avoidance of doubt convertible debt, equity-related and equity-linked notes, warrants or equivalent instruments) will represent no more than 20% of the Gross Assets, calculated as at the time of investment.

The Company will not be required to dispose of any investment or rebalance its portfolio as a result of a change in the respective value of any of its investments.

Governance

Corporate Governance Statement

Chrysalis has a Premium Listing on the London Stock Exchange Main Market and became a member of the Association of Investment Companies (AIC) on 21 January 2019. The Board has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (AIC Code), and a full scope review of the Company's corporate governance processes and procedures has been conducted with reference to the AIC Code by the Board and the Company Secretary.

The AIC Code addresses the relevant Principles and Provisions set out in the 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, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code and in doing so has met its associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Key Governance Disclosures

Section 172(1) Statement

Through adopting the AIC Code, the Board acknowledges its duty to apply and demonstrate compliance with section 172 of the UK Companies Act 2006[1] and to act in a way that promotes the success of the Company for the benefit of its Shareholders as a whole, having regard to (amongst other things):

i. consequences of any decision in the long-term;

ii. the need to foster business relationships with suppliers, customers and others;

iii. impact on community and environment;

iv. maintaining reputation; and

v. acting fairly as between members of the Company.

The Board considers its duties under S.172 to be integrated within the Company's culture and values. The Company's culture is one of respect for the opinions of stakeholders, with an aim of carrying out its operations in a fair and sustainable manner that is both instrumental to the Company's long term success and upholds the Company's ethical values. The Board encourages diversity of thought and opinion in accordance with its Diversity Policy and would like to encourage stakeholders to engage freely with the Board of Directors on matters that are of concern to them. Stakeholders may contact the Company via the Company's dedicated e-mail address chrysalis@maitlandgroup.com or by post via the Company Secretary on any matters that they wish to discuss with the Board of Directors.

[1] Section 172 of the UK Companies Act 2006, imposes on a director the duty to 'act in a way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole' and, in so doing, to have regard to a series of factors listed in the section which refer to the promotion of social, environmental and governance objectives.

Key Governance Disclosures
(continued)

Section 172(1) Statement (continued)
The Company is an externally managed investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

Investors	Service providers	Community and environment
Issues that matter to them		
Performance of the shares Growth of the Company Liquidity of the shares Corporate Governance	Reputation of the Company Compliance with Law and Regulation Remuneration	Compliance with Law and Regulation Impact of the Company and its activities on third parties
Engagement process		
Annual General Meeting Frequent meetings with investors by brokers and the Investment Advisor and subsequent reports to the Board Quarterly factsheets Key Information Document	The main service providers engage with the Board in formal quarterly meetings, giving them direct input to Board discussions. Communication between Board and service providers also occurs informally on an ongoing basis during the year.	Adherence to principles of appropriate ESG policies exists at both Company and investment level. Principles of socially responsible investing form a key part of the Company's investment strategy.
Rationale and example outcomes		
The Board have engaged with shareholders in relation to the Company business over the course of the year.	The Company relies on service providers as it has no systems or employees of its own. The Board seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The Investment Advisor works to ensure that sustainability and ESG factors are carefully considered and reflected in the Company's investment decisions. The Board of Directors travel as infrequently as possible and instead communicate, where they are able to, by video and conference call.

Going Concern Statement
The Going Concern Statement is made on page 66.

Viability Statement
The Viability Statement is made on page 66.

Fair, Balanced and Understandable Statement
The Financial Report and Audited Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. Further information on how this conclusion was reached can be found within the Audit Committee Report.

Continuing Appointment of the Investment Advisor
Further details relating to the continuing appointment of the Investment Advisor and how this is in the interests of members as a whole can be found within the Report of the Management Engagement Committee.

Assessment of Principal and Emerging Risks
The Board has undertaken a robust assessment of the Company's principal and emerging risks, together with the procedures that are in place to identify emerging risks. Further information on this assessment and an explanation on how these risks are being mitigated and managed can be found on page 69.

Review of Risk Management and Internal Control
The Board confirms that it has reviewed the Company's system of risk management and internal controls for the year ended 30 September 2021, and to the date of the approval of this Financial Report and Audited Financial Statements. For further details of the key risks and uncertainties the Directors believe the Company is exposed to together with the policies and procedures in place to monitor and mitigate these risks, please refer to pages 68 and 75 and note 20 of the Financial Report and Audited Financial Statements.

Key Governance Disclosures

(continued)

Chrysalis ESG

Chrysalis focuses its ESG policy on ensuring asset-appropriate practices and disclosure throughout the fundraising, pre-investment, post-investment, reporting, and realisation phases. We believe ESG represents another opportunity to demonstrate our market leadership capabilities as well as our effective risk mitigation skills.

Chrysalis puts ESG policy into practice in our own organisation as well in our work with portfolio companies. Highlights of ESG progress at the Company during 2021 include:

- Compliance with Hampton-Alexander Review recommendations on diversity and inclusion on boards. The appointment of its second female independent director, Margaret O'Connor, brought the gender balance on the Chrysalis Board to 33% voluntary target for female representation on FTSE 350 boards.
- Initial board input of how Chrysalis can comply with The Parker Review recommendation to support diverse talent pipeline development and for FTSE 250 boards to appoint at least one director from an ethnic minority background by 2024.
- Investment in a dedicated ESG specialist at Jupiter. Andrew Mortimer's appointment enables Chrysalis to benefit from expert stewardship guidance for the investment trust as well as consistent stewardship support for portfolio companies.
- The Investment Advisor made important contributions to the Hill Listing Review report which was published in March 2021.
- A review of cyber risk management policy and training protocols to ensure the organisation remains vigilant in preventing threats using relevant technology and human ingenuity.
- Workflow to reduce the potential for conflict of interest in our NAV (net asset valuation) reporting. The Board initiated a process to acquire further independent valuation advice on one of its most complex technology assets with a view to ensuring appropriate NAV reporting and to update our realisation expectations for this asset. During the coming year, we plan to further strengthen the independence of the valuation process with the goal of preserving shareholder confidence in our ability to manage volatile disruptive technology investments.

Trust is one of the most important non-financial assets we seek to develop and grow with the companies in which we're invested and with the companies that invest with us. During the past year, the Board turned down a commercially attractive deep technology investment because of governance concerns.

For those companies that make it through our rigorous due diligence process, Chrysalis undertakes a long-term commitment to executive leadership as they navigate uncertainty about demand for their technology solutions, extreme pressure on their human resources, and potential vulnerability to emerging competitors.

Objective Setting for ESG in our portfolio companies is influenced by four key factors:

- The size of our position
- Board or investor requests
- Collaborative activity with management and/or shareholders
- Realisation planning

The growth capital asset class includes high-growth private companies and recently listed public companies. During 2021, when the listing process in the US, Europe, and the UK became increasingly focused on ESG compliance, Chrysalis heightened its focus on monitoring potential sustainability and governance risks that could become material factors in the realisation of optimal commercial returns in those companies transitioning from private to public market status.

The Board of Directors

The Board comprises six independent non-executive Directors, 33% of whom are female, who meet on a at least quarterly basis, in addition to ad hoc meetings convened in accordance with the needs of the business, to consider the Company's affairs in a prescribed and structured manner.

Further details concerning the meetings attended during the year by the Board and its Committees can be found on page 60. All Directors are considered independent of the Investment Advisor for the purposes of the AIC Code and Listing Rule 15.2.12A.

The Board is responsible for the Company's long term sustainable success and the generation of value for shareholders and in doing so manages the business affairs of the Company in accordance with the Articles of Incorporation, the investment policy and with due regard to the wider interests of stakeholders as a whole. For further information on how the Board considers the interests of stakeholders in its decision making please see the S.172(1) statement on page 53. Additionally, the Board have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio. The Board are confident that the combination of its members is appropriate and is such that no one individual or small group of individuals dominates the Board's decision making.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense, which is in accordance with provision 19 of the AIC Code. The Directors also have access to the advice and services of the Company Secretary through its appointed representatives who are responsible to the Board for ensuring that the Board's procedures are followed, and that applicable rules and regulations are complied with.

To enable the Board to function effectively and allow the Directors to discharge their responsibilities, full and timely access is given to all relevant information.

Comprehensive board papers are circulated to the Board in advance of meetings by the Company Secretary, allowing time for full review and comment by the attending parties. In the event that Directors are unable to attend a particular meeting, they are invited to express their views on the matters being discussed to the Chairman in advance of the meeting for these to be raised accordingly on their behalf. Full and thorough minutes of all meetings are kept by the Company Secretary.

The Directors are requested to confirm their continuing professional development is up to date and any necessary training is identified during the annual performance reviews carried out and recorded by the Remuneration & Nomination Committee.

The current Board have served since the Company's inception in October 2018, with the exception of Margaret O'Connor who was appointed on 6 September 2021 and have been carefully selected against a set of objective criteria. The Board considers that the combination of its members bring a wealth of skills, experience and knowledge to the Company as illustrated in their biographies on the following pages.

The Board of Directors
(continued)

Andrew Haining
Chairman (Independent)

Andrew has had a 30-year career in banking and private equity with Bank of America, CDC (now Bridgepoint) and Botts & Company. During his career, Andrew has been responsible for over 20 private equity investments with transactional values in excess of $1 billion.

Andrew holds several Guernsey and UK board positions.

Stephen Coe
Senior Independent

Stephen serves as Chairman of the Audit Committee. He is currently a Non-Executive Director of River and Mercantile UK Micro Cap Investment Company Limited. Stephen has been involved with offshore investment funds and managers since 1990, with significant exposure to property, debt, emerging markets and private equity investments. Stephen qualified as a Chartered Accountant with Price Waterhouse Bristol in 1990 and remained in audit practice, specialising in financial services, until 1997. From 1997 to 2003 Stephen was a director of the Bachmann Group of fiduciary companies and Managing Director of Bachmann Fund Administration Limited, a specialist third party fund administration company. From 2003 to 2006 Stephen was a director with Investec in Guernsey and Managing Director of Investec Trust (Guernsey) Limited and Investec Administration Services Limited. Stephen became self-employed in August 2006, providing services to financial services clients.

Simon Holden
Independent

Simon, a Guernsey resident, brings board experience from both private equity and portfolio company operations roles at Candover Investments and then Terra Firma Capital Partners. Since 2015, Simon has been an independent director to listed alternative investment companies, private equity funds and trading company boards including pro-bono roles to the States of Guernsey overseeing infrastructure critical to the Island including the airport, harbours and two maritime fuel supply vessels.

Simon is a Chartered Director (CDir) accredited by the UK Institute of Directors, graduated from the University of Cambridge with an MEng and MA in Manufacturing Engineering and is an active member of UK and Guernsey fund management interest groups.

Anne Ewing
Independent

Anne has over 35 years of financial services experience in banking, asset and fund management, corporate treasury, life insurance and the fiduciary sector. Anne has an MSc in Corporate Governance and has held senior roles in Citibank, Rothschilds, Old Mutual International and KPMG and latterly has been instrumental in the start-ups of a Guernsey fund manager and two fiduciary licensees.

Anne has several non-executive Directorships and chairman roles in investment companies and a banking and trust company group in the Channel Islands and in London.

Tim Cruttenden
Independent

Tim is Chief Executive Officer of VenCap International plc, a UK-based asset management firm focused on investing in venture capital funds. He joined VenCap in 1994 and is responsible for leading the strategy and development of the firm. Prior to joining VenCap, Tim was an economist and statistician at the Association of British Insurers in London. He received his Bachelor of Science degree (with honours) in Combined Science (Economics and Statistics) from Coventry University and is an Associate of the CFA Society of the UK. Tim is a non-executive director of Polar Capital Technology Trust.

Margaret O'Connor
Independent

Margaret was appointed an Independent Director of Chrysalis in September 2021. She brings global experience of guiding boards through investments in disruptive technologies, including AI, big data, AR, and blockchain to this role.

Margaret has had a 30-year career building value in global technology companies across the US, Asia, Africa, and Europe. She has been instrumental in starting up two Mauritius domiciled, pan-African technology investment funds. During 2020, she moved to London and was appointed to Chair the Launch Africa Venture Fund 1 and Pay Today and to serve on the Investment Committee of Five35 Ventures.

Prior to this, she was a Silicon Valley VC-funded MarketingTech entrepreneur and a founding member of the MasterCard Asia Pacific management team in Singapore and the MasterCard Global New Technology Communications group in New York. She is a member of the Institute of Directors and a nominee for the Private Equity Women Investor Network (PEWIN.org). She earned her BA from Rutgers University and an Eagleton Institute of Politics fellowship. She studied International Relations at Princeton University before moving to Seoul, Korea in 1987.

The Board of Directors

(continued)

Public Company Directorships

The following details are of all other public Company Directorships and employment held by each Director and shared Directorships of any commercial company held by two or more Directors:

Andrew Haining

None to be disclosed

Stephen Coe

River and Mercantile UK Micro Cap Investment Company Limited

Simon Holden

HICL Infrastructure Plc.

Hipgnosis Songs Fund Limited

JPMorgan Global Core Real Assets Limited

Trian Investors 1 Limited

Anne Ewing

None to be disclosed

Tim Cruttenden

Polar Capital Technology Trust plc

Margaret O' Connor

None to be disclosed

Director Attendance

During the year ended 30 September 2021, the Board and Committee meetings held and attended by the Directors were as follows:

	Quarterly Board Meetings[1]	Audit Committee Meetings	Remuneration & Nomination Meetings	Management Engagement Meetings[2]	Ad-hoc Meetings
Director	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible
Anne Ewing	3/3	3/3	4/4	n/a	9/10
Andrew Haining	3/3	n/a	n/a	n/a	8/10
Simon Holden	3/3	3/3	n/a	n/a	8/10
Stephen Coe	3/3	3/3	n/a	n/a	10/10
Tim Cruttenden	3/3	n/a	4/4	n/a	6/10
Margaret O' Connor	n/a	n/a	n/a	n/a	n/a

[1] Where only three quarterly meetings are shown this reflects a timing point, with the fourth meeting taking place post year end.
[2] The Management Engagement Committee met on an informal basis to discuss matters. However, the 2021 Management Engagement Committee meeting was held after the financial year end (on 22 November 2021) which covered the financial period of these accounts.

Division of Responsibilities

A schedule of matters reserved for the Board is maintained by the Company and can be summarized as follows:

- Strategic Issues
- Financial Items such as approval of the annual and half-yearly reports, any quarterly financial statements and any preliminary announcement of the final results and the Financial Report and Audited Financial Statements including the Corporate Governance Statement
- Treasury Items
- Legal, Administration and Other Benefits
- Communications with Shareholders
- Board Appointments and Arrangements
- Miscellaneous such as to approve the appointments of professional advisors for any Group company in addition to the Company's Auditors.
- Monetary Limits

The Directors have also delegated certain functions to other parties such as the Alternative Investment Fund Manager ("AIFM"), the Investment Advisor, the Administrator, the Company Secretary, the Depositary and the Registrar. In particular, the Investment Advisor has been granted discretion over the management of the investments comprising the Company's portfolio. The Investment Advisor reports to the Board on a regular basis both outside of and during quarterly board and Committee meetings, where the operating and financial performance of the portfolio, together with valuations, are discussed at length between the Board and the Investment Advisor. The Directors have responsibility for exercising supervision of the AIFM and the Investment Advisor.

Board Committees

The Company has established an Audit Committee, Remuneration & Nomination Committee, and Management Engagement Committee (together the "Committees"). The Terms of Reference for each committee is available on the Company's website.

The Board believes that its established Committees are adequately composed, and that each member has the necessary skills and experience to discharge their duties effectively. All new Committee members will be provided with an induction on joining the relevant Committee and the actions carried out by each Committee since the previous quarterly board meeting are reported at each meeting to the Board of Directors by the respective Committee chair. Each Committee meeting is attended by the Company Secretary and comprehensive minutes are kept, as well as a schedule of the action points arising from each meeting.

Stephen Coe is the Chairman of the Audit Committee with Anne Ewing and Simon Holden as members. A full report regarding the Audit Committee's activities during the year can be found in the Audit Committee Report on page 74.

In accordance with the AIC Code, a Remuneration & Nomination Committee has been established. Anne Ewing has been appointed as Chairman, with Margaret O'Connor and Tim Cruttenden as members. The appointment date for Margaret is 6 September 2021. The Remuneration & Nomination Committee meets at least once a year in accordance with the terms of reference and reviews, inter alia, the structure, size and composition of the Board. A full report regarding the Remuneration & Nomination Committee's activities during the year can be found on page 62.

Simon Holden has been appointed Chairman of the Management Engagement Committee, with Margaret O'Connor and Tim Cruttenden as members. The Management Engagement Committee will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the AIFM, the Investment Advisor and the terms of the Investment Management Agreement. A full report regarding the Management Engagement Committee's activities during the year can be found on page 64.

Report of the Remuneration & Nomination Committee

Composition, Succession & Evaluation

On 27 November 2019 the Board adopted a policy on tenure which is aligned to the AIC Code where no director will serve for more than nine years. The Board confirms that no member has served for longer than nine years, due to the Company being incorporated in October 2018. The Board has reviewed this policy and agreed it remains appropriate.

During 2021 the Committee considered succession planning and undertook a review of the attributes and skills of the then current board and made recommendations to the Board. The Board came to the view that an additional director should be appointed with an entrepreneurial background in tech or tech enabled services and experience in private and public capital markets.

As a result the Board engaged an independent search firm, Nurole Limited, who have a strong track record of being able to recommend a diverse and relevant range of candidates. A good number of candidates were considered and all Board members were involved at every stage of the recruitment process. As a result, the Company appointed Margaret O'Connor on 6 September 2021 who was warmly welcomed by her fellow directors.

On appointment Margaret undertook a comprehensive induction programme including with the Company's advisors and third party service providers. Margaret engaged immediately on the Board, accepting roles on both the Management Engagement Committee and the Remuneration & Nomination Committee. In addition, Margaret undertakes the informal role as the ESG Champion of the Company.

2021 Review of Board Performance & Remuneration

The Remuneration & Nomination Committee undertook an internal review of board performance and remuneration in the second half of 2021. This internal review followed an external "triennial review" undertaken in 2020 by an independent professional remuneration and performance consultant.

The output from the internal review has been considered by the Board and a number of actions are in progress to address various matters including, for example, training on diversity and enhancing the visibility of the benefits of ESG and CSR to the Company's portfolio assets.

Remuneration levels were considered alongside the contributions of each of the directors in terms of time and commitment. Despite the continued and increased time commitments of the directors, the Remuneration & Nomination Committee recommended only modest increases to basic remuneration for the year ended 30 September 2021. The Board accepted that any increase in remuneration should reflect the market conditions and the current stage of the Company's development. This contrasts with the prior year when additional discretionary fees were paid to the directors during the integration of Jupiter as Investment Advisor and fund raising activities.

Performance and board composition will remain under active review during 2022 alongside the future development and strategy of the Company.

The table opposite is shown to enable shareholders to assess the relative importance of spend on remuneration and given the increased size of the Board. The figures provide a comparison against management fees payable to the AIFM relative to the Company's Net Asset Value.

Total Director Remuneration[1]	£353,557
Investment Advisor Fees	£5,153,194
Investment Advisor Performance Fees	£112,076,983
NAV at year end	**£1,378,934,354**

The Remuneration & Nomination Committee recommended and the Board resolved that with effect from 1 October 2021 the annual remuneration for each Director should be increased as per the table below.

	Fees Proposed Y/E 2022	Director Fees Y/E 2021	Total Fees paid Y/E 2021 including Discretionary Fees[3]
Chairman	£75,000	£70,000	£120,500
Audit Committee Chair/SID	£57,500	£55,000	£72,500
Management Engagement Committee Chair	£52,500	£50,000	£82,500
Remuneration & Nomination Committee Chair	£47,500	£45,000	£62,500
Director (1)	£47,500	£45,000	£62,500
Director (2)	£47,500	£3,057[2]	£3,057

Anne Ewing
Chairman of the Remuneration & Nomination Committee
Members: Tim Cruttenden, Margaret O'Connor

[1] £500,000 limit per Articles of Association
[2] part year fee – appointed September 2021
[3] includes £10,000 p.a. for a new Prospectus/Fund Raise

Report of the Management Engagement Committee

The Management Engagement Committee (hereafter referred to in this report as the "Committee" or the "MEC") is chaired by Mr Simon Holden and at this time, comprises a sub-committee of the Board including Miss Margaret O'Connor and Mr Tim Cruttenden, whilst other Board members are invited to attend. Only non-executive Directors who are independent of the Investment Advisor may serve on the Committee, which meets at least once per year. The MEC's terms of reference are available to view on the Company's website, with the Committee's primary purpose being to review, annually, the compliance of the Investment Advisor with the Company's investment policy and Portfolio Management Agreement as well as to keep under review the performance of all other key service providers involved in supporting the Company and its operations.

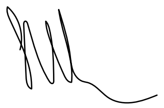
The MEC convened once during the year ended 30 September 2021.

Since the acquisition of Merian Global Investors Limited by Jupiter Fund Management plc, the MEC's priority has been to ensure a smooth transition of the Investment Advisory and Alternative Investment Fund Manager (AIFM) functions as well as stronger investor engagement as a result of the Company's new brand and communication materials.

I am pleased to report that this transition has been relatively smooth and the performance of all service providers continues to meet the required standards of the Company. An on-going dialogue is maintained with the AIFM in respect of the valuation process. The Board has exercised its right (both in respect of 2020 and 2021 year-end valuations) to obtain independent valuations of specific assets where the Board believes additional judgments are merited and where the marginal valuation of the total portfolio determines the performance fee earned.

It is worth noting the specific achievements of the Investment Advisor, as detailed earlier in the Financial Report and Audited Financial Statements, in proving out the thesis of the cross-over capital investment proposition. This has been marked with three partial exits in the year into the public markets, well supported capital raises allowing the Company to materially increase the size of its portfolio to 17 holdings at the year end and to achieve 57% NAV growth, all of which contributed to the crystallisation of the performance fee within the year.

In accordance with Listing Rule 15.6.2(2)R and following the review of the Portfolio Management Agreement as previously outlined, the Board of the Company has determined that it has now reached a stage in its evolution where it should move to becoming a self-managed investment company in 2022, with Jupiter Investment Management Limited continuing to provide investment management services. This will entail the Company replacing Jupiter Unit Trust Managers Limited as the current Alternative Investment Fund Manager (AIFM) and assuming direct responsibility for the role an AIFM conducts including the valuation and risk management aspects. This transition is expected to be implemented by 30 June 2022, subject to regulatory approval. The Board is grateful to Jupiter Unit Trust Managers Limited for its AIFM services to date and the transitional support going forward.



Simon Holden
Chairman of the Management Engagement Committee

Directors' Report

The Directors present their Financial Report and Audited Financial Statements of the Company for the year ended 30 September 2021.

Principal Activities and Business Review

The investment objective of the Company is to generate long term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted companies.

The Directors do not envisage any change in these activities for the foreseeable future. A description of the activities of the Company in the year under review is given in the Chairman's Statement and the Investment Advisor's Report.

Business and Tax Status

The Company has been registered with the GFSC as a closed-ended investment company under RCIS Rule and Protection of Investors ("POI") Law and was incorporated in Guernsey on 3 September 2018. The Company operates under The Companies (Guernsey) Law, 2008 (the "Law").

The Company's shares have a premium listing and are admitted to trading on the London Stock Exchange's Main Market for listed securities.

The Company's management and administration takes place in Guernsey and the Company has been granted exemption from income tax within Guernsey by the Administrator of Income Tax. It is the intention of the Directors to continue to operate the Company so that each year this tax-exempt status is maintained.

In respect of the Criminal Finances Act 2017, which has introduced a new corporate criminal offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that they are committed to zero tolerance towards the criminal facilitation of tax evasion.

Alternative Investment Fund Managers Directive

The Company is an 'Alternative Investment Fund' ("AIF"), as defined by the Alternative Investment Fund Managers Directive ("AIFMD"), and on 1 May 2021 the Company appointed Jupiter Unit Trust Managers Limited ("JUTM") as its new Alternative Investment Fund Manager ("AIFM"), replacing Maitland Institutional Services Limited whose appointment was terminated at the same time. JUTM subsequently sub delegated portfolio management to Jupiter Investment Management Limited ("JIML", formerly Merian Global Investors (UK) Limited or "MGI"), which is a member of the same group. JIML continues to act as Investment Advisor and the change does not impact the provision of services to the Company by the existing management team at the Investment Advisor. The management and performance fees previously payable to JIML are now payable to JUTM. JUTM is also entitled to an AIFM fee.

The Company operates as an externally managed non-EEA domiciled AIF with a non-EEA domiciled AIFM for the purposes of AIFMD.

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in AIFs (such as the Company) and that certain regular and periodic disclosures are made. This information and these disclosures may be found on pages 119 and 120 of this Financial Report and Audited Financial Statements and on the Company's website http://chrysalisinvestments.co.uk.

Foreign Account Tax Compliance Act ("FATCA")

FATCA requires certain financial institutions outside the United States ("US") to pass information about their US customers to the US tax authorities, the Internal Revenue Service (the "IRS"). A 30% withholding tax is imposed on the US source income and disposal of assets of any financial institution within the scope of the legislation that fails to comply with this requirement.

The Board of the Company has taken all necessary steps to ensure that the Company is FATCA compliant and confirms that the Company is registered and has been issued a Global Intermediary Identification Number ("GIIN") by the IRS. The Company will use its GIIN to identify that it is FATCA compliant to all financial counterparties.

Common Reporting Standard

The Common Reporting Standard is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted in Guernsey and which came into effect in January 2016.

The Company is subject to Guernsey regulations and guidance on the automatic exchange of tax information and the Board will therefore take the necessary actions to ensure that the Company is compliant in this regard.

Directors' Report
(continued)

Going Concern

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered recent market volatility and the impact of COVID-19 on the Company's investments. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Financial Report and Audited Financial Statements.

At year end, the Company has a current cash position of £49,794,000, net current liabilities amounting to £81,264,000 and liquid listed investments amounting to £236,756,000.

On 29 November, the Company announced that it had entered into an agreement with the AIFM, Jupiter Unit Trust Managers Limited ("JUTM") to settle 54% (£60,522,000) of the performance fee due in respect of the year to 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount will be settled in cash. The issue price of the shares will be 267p per share (being the closing share price on 30 September 2021). The shares will be issued after approval of the Financial Report and Audited Financial Statements with the cash settled shortly afterwards. The accounting for the settlement of this transaction will be reflected within the Company's financial statements for the year ending 30 September 2022.

On 13 December 2021, the Company announced that it has raised gross proceeds of £60 million pursuant to the Placing and the PrimaryBid Offer (the "Issue"). Accordingly, under the Issue an aggregate of 25,210,084 new Ordinary Shares have been issued and allotted conditionally upon admission at a price of 238 pence per Ordinary Share.

Having considered the circumstances above it is the Board's view that the Company has sufficient liquidity to meet its obligations. For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Report and Audited Financial Statements.

Viability Statement

The Directors have assessed the prospects of the Company over the three-year period to 30 September 2024. The Directors consider that three years is an appropriate period to assess viability given the Company's style of investment.

In determining the appropriate period of assessment, the Directors consider that three years is a sufficient investment time horizon to be relevant to shareholders and that choosing a longer time period can present difficulties given the lack of longer-term economic visibility and the need for adaptation that will inevitably create for its Portfolio Companies.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal and emerging risks and uncertainties detailed on page 68 (and in note 20) and, in particular, the impact on the Company and its activities of COVID-19, and the impact of a significant fall in equity markets on the value of the Company's investment portfolio.

The continuation of the Company in its present form is dependent on a portfolio management agreement remaining in place between the AIFM and the Investment Advisor. The AIFM has delegated portfolio management services to the Investment Advisor. The current portfolio management agreement is terminable on six months' notice by either party. The Directors currently know of no reason why either the AIFM or the Investment Advisor might serve notice of the portfolio management agreement over the period of the viability statement. The Company has now announced its intention to become self-managed and will work with the AIFM to ensure a smooth transition and to keep the existing Investment Advisor in place.

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company and based on the Company's processes for monitoring operating costs, share price discount, the Investment Advisor's compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 30 September 2024.

Results and Dividends

The results attributable to shareholders for the year are shown in the Statement of Comprehensive Income. The Directors have not declared a dividend for the year (2020: £nil)

Directors

The Directors of the Company who served during the year and to date are set out on pages 58 and 59.

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 September 2021, and as at the date of signing these Audited Financial Statements:

	Shares	% Held
A Haining	64,000	0.0117
S Coe	50,909	0.0093
S Holden	72,500	0.0132
A Ewing	32,500	0.0059
T Cruttenden	14,968	0.0027
M O'Connor	–	–

The Directors' fees are as disclosed below:

	£
A Haining	110,500
S Coe	62,500
S Holden	72,500
A Ewing	52,500
T Cruttenden	52,500
M O'Connor	3,057

Under their terms of appointment, the Directors total remuneration (including one-off fees) are as disclosed below:

Each Director is paid a basic fee of £45,000 per annum by the Company. In addition to this, the Chairman receives an extra £25,000 per annum, the Management Engagement Committee Chairman receives an extra £5,000 per annum and the Audit Committee Chairman receives an extra £10,000 per annum. Refer to page 63 for more information regarding Directors' remuneration.

Directors' Report
(continued)

Risks and Uncertainties

There are several potential risks and uncertainties which could have a material impact on the Company's performance and could cause actual results to differ materially from expected and historical results.

The AIFM has overall responsibility for risk management and control within the context of achieving the Company's objectives. The Board agrees the strategy for the Company, approves the Company's risk appetite and the AIFM monitors the risk profile of the Company. The AIFM also maintains a risk management process to identify, monitor and control risk concentration.

The Board's responsibility for conducting a robust assessment of the principal and emerging risks is embedded in the Company's risk map and stress testing, which helps position the Company to ensure compliance with the Association of Investment Companies Code of Corporate Governance (the "AIC Code").

The principal risks to which the Company will be exposed are given in note 20 to the Financial Report and Audited Financial Statements.

The main risks that the Company faces arising from its financial instruments are:

i. market risk, including:
  - price risk, being the risk that the value of investments will fluctuate because of changes in more investee-company specific performance as well as market pricing of comparable businesses;
  - interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates; and
  - foreign currency risk, being the risk that the value of financial assets and liabilities will fluctuate because of movements in currency rates.

ii. credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

iii. liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments.

iv. company failure, being the risk that companies invested in may fail and result in loss of capital invested.

To manage such risks the Company shall comply with the investment restrictions and diversification limits provided for in the Prospectus.

The Company will invest and manage its assets with the objective of spreading risk. Further to the investment restrictions discussed, the Company also seeks to manage risk by:

- not incurring debt over 20% of its NAV, calculated at time of drawdown. The Company will target repayment of such debt within twelve months of drawdown; and
- entering from time to time into hedging or other derivative arrangements for the purposes of efficient portfolio management, managing where appropriate, any exposure through its investments to currencies other than Sterling.

On-going Charges

The ongoing charges figure for the year was 0.77%. The ongoing charges represent ongoing annual expenses of £8,561,445 divided by total average Net Asset Value for the year of £1,127,604,307. The ongoing charges has also been prepared in accordance with the recommended methodology provided by the Association of Investment Companies where investment purchase costs of £353,733 and performance fees of £112,076,983 have been excluded and represents the percentage reduction in shareholder returns as a result of recurring operational expenses.

Emerging Risks

Whilst vaccination programmes are being rolled out and, the outlook for the economy is improving, COVID-19 remains an ongoing risk and remains a source of uncertainty.

In considering this risk, the Board's thought process has been as follows:

The Directors have carried out a robust assessment of the Company's processes for monitoring operating costs, share price discount, the Investment Advisor's compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk and financial controls. At the year end, the Company had cash and cash equivalents of £49,794,000 and net current liabilities of £81,264,000.

Among the aims of the Company, as set out at IPO, are to invest in companies that have both the ability to deliver growth rates substantially higher than the average UK plc and that can protect the duration of those rates via competitive advantage, e.g. via scale or technology. This led the Investment Advisor towards a group of businesses it labelled "tech-enabled disruptors".

Given the shutdown of many "traditional" areas of the economy, businesses and consumers have had to rely much more heavily on technology and online channels. These were sectors already growing faster than the wider economy but have now been given added impetus. Not only can this lead to higher growth rates in the short term, but it can also drive new user adoption at significantly lower cost than previously experienced.

The Directors monitor the performance of our assets on a quarterly basis and receive monthly data in some instances which enables them to track the development of the Investment Advisor's investment theses.

The Board have considered the operations of the services providers as they relate to the Company. With this in mind, the Board believe the Company is well-positioned at this particular time from a thematic perspective and the strategy of the Company therefore remains unchanged.

The Board will of course continue to assess the position as more information about the impact of the virus becomes available.

ESG and Climate Change Risks and Considerations

The Board of Directors have carefully considered the impact of climate change and ESG related risks on the Company's business strategy and the impact of the Company's operations on the local community and environment. This analysis has taken place at both the level of the Company and at the investment portfolio level.

As an investment company with no employees, the Company itself has only a minimal footprint on the local community and environment, but recognises that everyone has a part to play in the reduction of adverse environmental impacts and ensuring the company's operations have a positive impact on society and the generation of long term sustainable value.

The Board of directors avoid travel where good governance allows. The COVID-19 pandemic has prevented the Board from carrying out scheduled due diligence visits due to travel restrictions, however video conferencing has been used for the majority of meetings which has reduced the need for travel.

The Board are also supported against disruption to the Company's activities through (for example) adverse weather events, by the business continuity policy of the Administrator which has been recently tested as a result of the COVID-19 pandemic, with no issues to report.

Further information on how the Board and Jupiter manage the Company's ESG and climate change related risks at the investment portfolio level can be found within the Chairman's Statement on page 5 and the Investment Advisor's Report on pages 48-49. This includes the integration of ESG analysis into the investment process and the alignment of Jupiter's strategy, purpose and principles to the UN Global Compact.

Directors' Report

(continued)

Investment Management and Administration

Investment Management Agreement and Fees

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles of Incorporation and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors have, however, appointed the AIFM to perform portfolio and risk management functions.

The AIFM has delegated responsibility for day-to-day management of the investments comprising the Company's portfolio to the Investment Advisor.

The AIFM is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. The AIFM is also entitled to a performance fee in certain circumstances. Details of the management fee and performance fee are set out in note 6. The Investment Management Agreement may be terminated by either party on six months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied.

Administrator

Maitland Administration (Guernsey) Limited has been appointed as Administrator to the Company pursuant to a master services agreement. The Administrator is responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Advisor, of the Net Asset Value of the Company and the shares.

Depositary

The Depositary of the Company was Citibank Europe plc, UK Branch. On 9 October 2021 the depositary changed to Citibank UK Limited.

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report.

Board Responsibilities

The Board comprises six non-executive Directors, who meet at least quarterly to consider the affairs of the Company in a prescribed and structured manner. All Directors are considered independent of the Investment Advisor for the purposes of the AIC Code and Listing Rule 15.2.12A. Biographies of the Directors for the year ended 30 September 2021 appear on pages 58 and 59 which demonstrate the wide range of skills and experience they bring to the Board.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense, which is in accordance with principle 13 of the AIC Code.

The Directors also have access to the advice and services of the Company Secretary through its appointed representatives who are responsible to the Board for ensuring that the Board's procedures are followed, and that applicable rules and regulations are complied with.

To enable the Board to function effectively and allow the Directors to discharge their responsibilities, full and timely access is given to all relevant information.

The Directors are requested to confirm their continuing professional development is up to date and any necessary training is identified during the annual performance reviews carried out and recorded by the Remuneration & Nomination Committee.

At each annual general meeting of the Company, each director shall retire from office and each director may offer themselves for election or re-election by the shareholders.

Conflicts of Interest

None of the Directors nor any persons connected with them had a material interest in any of the Company's transactions, arrangements or agreements at the date of this report and none of the Directors has or had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was affected by the Company during the reporting year.

At the date of this Financial Report and Audited Financial Statements, there are no outstanding loans or guarantees between the Company and any Director.

Committees

The Company has established: the Audit Committee, the Remuneration & Nomination Committee, and the Management Engagement Committee (together the "Committees"). Terms of Reference for each committee is available on request from the Administrator.

The Audit Committee

Stephen Coe is the Chairman of the Audit Committee. A full report regarding the Audit Committee can be found in the Audit Committee Report.

Remuneration & Nomination Committee

In accordance with the AIC Code, a Remuneration & Nomination Committee has been established. Anne Ewing has been appointed as Chairman. The Remuneration & Nomination Committee meets at least once a year in accordance with the terms of reference and reviews, inter alia, the structure, size and composition of the Board.

Details of the Directors' remuneration can be found in note 21 and page 67.

Management Engagement Committee

Simon Holden has been appointed Chairman of the Management Engagement Committee. The Management Engagement Committee will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the AIFM, the Investment Advisor and the terms of the Investment Management Agreement. Details of the management and performance fees can be found in note 6.

Substantial Shareholdings

On 14 January 2022, the latest practicable date for disclosure in this Financial Report and Audited Financial Statements, the Company's only shareholder with a holding greater than 10% was Jupiter UK Mid-Cap Fund (14.9%).

Shareholder Communication

The Company's main method of communication with Shareholders is through its published Half Yearly and Financial Report and Audited Financial Statements which aim to provide Shareholders with a fair, balanced and understandable view of the Company's results and objectives. This is supplemented by the publication of the Company's quarterly net asset values on its ordinary shares on the London Stock Exchange.

In line with principle 16 of the AIC Code, the Investment Advisor communicates with both the Chairman and shareholders and is available to communicate and meet with major shareholders. The Company has also appointed Liberum Capital Limited to liaise with all major shareholders together with the Investment Advisor, all of whom report back to the Board at quarterly board meetings ensuring that the Board is fully aware of shareholder sentiment, expectations and analyst views. The Company's website, which is maintained by the Investment Advisor, is regularly updated with news and announcements. Information published online is accessible in many countries each with differing legal requirements relating to the preparation and dissemination of financial information. Users of the Company's website are responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

Directors' Report

(continued)

Relations with Shareholders

All holders of Ordinary Shares in the Company have the right to receive notice of, attend and vote at the general meetings of the Company.

At each general meeting of the Company, the Board and the Investment Advisor are available to discuss issues affecting the Company.

Shareholders are additionally able to contact the Board directly outside of meetings via the Company's dedicated e-mail address (chrysalis@maitlandgroup.com) or by post via the Company Secretary. Alternatively, Shareholders are able to contact the Investment Advisor directly (chrysalis@maitlandgroup.com) or the Senior Independent Director (chrysalis@maitlandgroup.com) for issues they feel they may be unable to raise directly with the Company itself.

The Company has adopted a zero-tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly.

Voting and Stewardship Code

The Investment Advisor is committed to the principles of the Financial Reporting Council's UK Stewardship Code and this also constitutes the disclosure of that commitment required under the rules of the FCA (Conduct of Business Rule 2.2.3).

Signed on behalf of the Board by:

Andrew Haining
Chairman
25 January 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Financial Report and Audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Audited Financial Statements for each financial year. Under that law they are required to prepare the Audited Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law the Directors must not approve the Audited Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these Audited Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Audited Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper 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 its Audited Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Responsibility statement of the Directors in respect of the Financial Report and Audited Financial Statements

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report (comprising the Chairman's Statement, the Investment Advisors' Report, and Directors' Report) 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.

We consider the Financial Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by:

Andrew Haining
Chairman
25 January 2022

Audit Committee Report

For the year ended 30 September 2021

In accordance with the AIC Code, an Audit Committee has been established consisting of Anne Ewing, Simon Holden, Margaret O'Connor and Stephen Coe, who is the Chairman of the Audit Committee.

Membership and Role of the Committee

The Audit Committee meets at least twice a year and, when requested, provides advice to the Board on whether the Financial Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides information necessary for the shareholders to assess the Company's performance, business model and strategy. The Audit Committee also reviews, inter alia, the financial reporting process and the system of internal control and management of financial risks, including understanding the current areas of greatest financial risk and how these are managed by the Investment Advisor, reviewing the Financial Report and Audited Financial Statements, assessing the fairness of Audited Financial Statements and disclosures and reviewing the external audit process. The Audit Committee is responsible for overseeing the Company's relationship with the external auditor (the "Auditor"), including making recommendations to the Board on the appointment of the Auditor and their remuneration.

The Audit Committee considers the nature, scope and results of the Auditor's work and reviews, and develops and implements a policy on the supply of any non-audit services that are to be provided by the Auditor. The Audit Committee annually reviews the independence and objectivity of the Auditor and considers the appointment of an appropriate Auditor.

The continuation of the Auditor was considered and the Board subsequently decided that the Auditor was sufficiently independent and was appropriately appointed in order to carry out the audit of the Company for the year ended 30 September 2021. Appointment of the Auditor will be reviewed each year before the AGM. The level of non-audit versus audit services is monitored. The table below summarises the remuneration paid by the Company to KPMG Channel Islands Limited ("KPMG") for audit and non-audit services during the year ended 30 September 2021.

	30 September 2021	30 September 2020
Annual audit fee	120,000	69,000
Interim review	33,000	33,000
	153,000	**102,000**

Internal Control

The Company itself has no internal systems to control. Internal control lies within the services provided by JUTM, JIML and other service providers. These controls are monitored by the Board reviewing and challenging reports from these service providers and through segregation of duties between them. The Audit Committee monitors the financial reporting process and tasks undertaken in the production of the Financial Report and Audited Financial Statements.

The administration and company secretarial duties of the Company are performed by Maitland Administration (Guernsey) Limited.

Registrar duties are performed by Computershare Investor Services (Guernsey) Limited.

The custody of financial assets is undertaken by Citibank Europe plc, UK Branch.

The Company does not have an internal audit department. All the Company's management and administration functions are delegated to independent third parties and it is therefore felt there is no need for the Company to have an internal function. The Audit Committee have assessed the Company's internal controls and found them to be satisfactory.

Fair Value Estimation

The valuation of the Company's investments is considered to be a significant area of focus given that they represent the majority of the net assets of the Company and in view of the significance of the estimates and judgments that may be involved in the determination of their fair value. In discharging its responsibilities, the Audit Committee has specifically considered the valuation of investments as follows:

- Independent third-party valuation firms are engaged to provide assistance, advice, assurance, and documentation in relation to the portfolio valuations. Valuations are then submitted to the portfolio managers and the Investment Advisor's Fair Value Pricing Committee for review. The Board reviews these portfolio valuations on a regular basis throughout the year.
- The Audit Committee receives and reviews reports from the Investment Advisor and the Auditor relating to the Company's Financial Report and Audited Financial Statements. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the Listing Rules and ensures that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the Financial Report and Audited Financial Statements remains with the Board.
- Representatives of The Audit Committee meet with the Investment Advisor at least quarterly and are involved with the review of the quarterly valuations. It also seeks assurance that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are correct.
- Reporting to the Board on the significant judgment made in the preparation of the Company's Financial Report and Audited Financial Statements and recommending valuations of the Company's investments to the Board.
- The Audit Committee will recommend the Board engages independent valuers for specific assets where it considers it appropriate.

Audit Committee Report

For the year ended 30 September 2021

(continued)

External Audit

The Audit Committee will hold an annual meeting to approve the Company's Financial Report and Audited Financial Statements before its publication. At a meeting held on 26 June 2021 the Audit Committee met with the Auditor to discuss the audit plan and approach. During this meeting it was agreed with the Auditor that the area of significant audit focus related to the valuation of investments given that they represent the majority of net assets of the Company and their valuation involves significant judgement. The scope of the audit work in relation to this asset class was discussed. At the conclusion of the audit, the Audit Committee met with the Auditor and discussed the scope of their annual audit work and their audit findings.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the Auditor. The Audit Committee has particular regard to any non-audit work that the Auditor may undertake and the terms under which the Auditor may be appointed to perform non-audit services. In order to safeguard the Auditor's independence and objectivity, the Audit Committee ensures that any other advisory and/or consulting services provided by the Auditor does not conflict with their statutory audit responsibilities.

To fulfil its responsibilities regarding the independence of the Auditor, the Audit Committee considered:

- a report from the Auditor describing their arrangements to identify, report and manage any conflicts of interest; and
- the extent of the non-audit services provided by the Auditor.

To assess the effectiveness of the Auditor, the committee reviewed:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- the audit findings report highlighting any major issues that arose during the course of the audit; and
- the effectiveness and independence of the Auditor having considered the degree of diligence and professional scepticism demonstrated by them.

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor.

During the year the Audit Committee met three times with all members present (refer to Director Attendance on page 60).

Reappointment of Auditor

The Auditor, KPMG Channel Islands Limited, has expressed its willingness to continue in office as Auditor. A resolution proposing their reappointment will be submitted at the forthcoming general meeting to be held pursuant to section 199 of the Law.

Stephen Coe
Chairman of the Audit Committee
25 January 2022

Independent Auditor's Report

Independent Auditor's Report to the Members of Chrysalis Investments Limited

Our opinion is unmodified

We have audited the financial statements of Chrysalis Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2021, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2020):

Valuation of investments held at fair value through profit or loss

£1,460,198,000

(2020: £606,287,000)

Refer to page 75 of the Audit Committee Report, notes 2(i), 3, 11 and 20

The risk	Our response
Basis: The Company's investments are carried at fair value in accordance with IFRS. The investments comprise of equity and equity-related instruments in quoted and unquoted companies and represent 106% (2020: 112%) of the Company's net assets as at 30 September 2021. The Company's unlisted investments, with a value of £1,223,442,000 (the "Unlisted Investments"), are valued by using recognised valuation methodologies and models, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The Company utilises independent third party valuation firms (the "Valuation Agents") to assist and advise on their valuation process. The Company's listed investments, with a value of £236,756,000 (the "Listed Investments"), are valued by the Company based on the quoted market bid price in an active market for that instrument. **Risk:** The valuation of the Company's investments is a significant area of our audit, given that it represents a significant portion of the net assets of the Company. The valuation risk of the Unlisted Investments incorporates both a risk of fraud and error given the significance of estimates and judgements that may be involved in the determination of their fair value.	Our audit procedures included but were not limited to: **Internal Controls:** We assessed the design and implementation of the control in place over the valuation of investments. **Challenging managements' assumptions and inputs:** For the Unlisted Investments, with the support of our valuation specialist, we: • assessed the objectivity, capabilities and competence of the Valuation Agents; • assessed the scope of the Valuation Agents' review of the investments and read the valuation reports and memoranda produced by them and the Investment Advisor; • assessed the appropriateness of the valuation approach and methodology applied to each investment; • compared the assumptions used in the valuation models employed to observable market data (where possible); • corroborated significant investee company inputs used in the valuation models, and recent investment transactions to supporting documentation; and • considered market transactions in close proximity to the year end and assessed their appropriateness as being representative of fair value. Our valuation specialist independently priced the Listed Investments to a third party pricing source. **Assessing disclosures:** We also considered the Company's disclosures (see notes 3 and 20) in relation to the use of estimates and judgements regarding the valuation of investments and the Company's investment valuation policies adopted in note 2(i) and fair value disclosures in note 20 for compliance with IFRS.

Independent Auditor's Report to the Members of Chrysalis Investments Limited

(continued)

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £27,578,000, determined with reference to a benchmark of net assets of £1,378,934,000, of which it represents approximately 2.0% (2020: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £20,683,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1,378,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to affect the Company's financial resources or ability to continue operations over this period was the availability of capital to meet operating costs and other financial commitments.

We considered whether this risk could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from this risk against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related 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 going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias.

Further detail in respect of the valuation of unquoted investments is set out in the 'Key Audit Matters' section of in this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor’s Report to the Members of Chrysalis Investments Limited

(continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors’ disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors’ confirmation within the Viability Statement (page 66) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors’ explanation in the Viability Statement (page 66) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors’ corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors’ statement that they consider that the annual report and financial statements 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company’s risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company’s compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Independent Auditor’s Report to the Members of Chrysalis Investments Limited
(continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 73, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company’s members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. 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.

Barry Ryan
For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors
Guernsey

25 January 2022

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2021

		Year ended 30 September 2021			Year ended 30 September 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investments							
Net gains on investments held at fair value through profit or loss	11	–	568,419	568,419	–	197,426	197,426
Net gains/(losses) on currency movements		–	268	268	–	(985)	(985)
Net investment gains		**–**	**568,687**	**568,687**	**–**	**196,441**	**196,441**
Interest income	5	851	–	851	287	273	560
Total income		**851**	**–**	**851**	**287**	**273**	**560**
Investment management and performance fees	6	(5,153)	(112,077)	(117,230)	(2,084)	(32,608)	(34,692)
Other expenses	7	(3,762)	–	(3,762)	(1,897)	–	(1,897)
(Losses)/gains before finance costs and taxation		**(8,064)**	**456,610**	**448,546**	**(3,694)**	**164,106**	**160,412**
Finance costs	8	(238)	–	(238)	–	–	–
(Losses)/gains before taxation		**(8,302)**	**456,610**	**448,308**	**(3,694)**	**164,106**	**160,412**
Withholding tax expense		–	–	–	–	–	–
Total (losses)/gains and comprehensive income for the year		**(8,302)**	**456,610**	**448,308**	**(3,694)**	**164,106**	**160,412**
(Loss)/gain per Ordinary Share (pence)	9	(1.75)	96.51	94.76	(1.10)	48.73	47.63

The total column of this statement represents the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The supplementary revenue and capital return columns are prepared under guidance published by the Association of Investment Companies ("AIC").

All items in the above statement derive from continuing operations.

The notes on pages 90 to 116 form an integral part of these Audited Financial Statements.

Statement of Financial Position

As at 30 September 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	11	**1,460,198**	**606,287**
Current assets			
Cash and cash equivalents	12	49,794	15,559
Other receivables	13	427	267
		50,221	**15,826**
Total assets		**1,510,419**	**622,113**
Current liabilities			
Performance fee payable	6	(112,077)	(32,710)
Management fee payable	6	(3,333)	(631)
Unsettled trades	14	–	(46,440)
Loan payable	15	(15,000)	–
Other payables	16	(1,075)	(289)
Total liabilities		**(131,485)**	**(80,070)**
Net assets		**1,378,934**	**542,043**
Equity			
Share Capital	17	758,950	370,367
Capital reserve		633,420	176,810
Revenue reserve		(13,436)	(5,134)
Total equity		**1,378,934**	**542,043**
Net Asset Value per Ordinary Share (pence)	18	251.96	160.97
Number of Ordinary Shares in issue	17	547,273,076	336,742,424

Approved by the Board of Directors and authorised for issue on 25 January 2022 and signed on their behalf:

Stephen Coe
Director

The notes on pages 90 to 116 form an integral part of these Audited Financial Statements.

Statement of Changes in Equity

For the year ended 30 September 2021

	Share Capital	Capital Reserve	Revenue Reserve	Total
	£'000	£'000	£'000	£'000
At 30 September 2019	**370,366**	**12,704**	**(1,440)**	**381,630**
Total gains/(losses) and comprehensive income for the year	–	164,106	(3,694)	160,412
Share issue costs	1	–	–	1
At 30 September 2020	**370,367**	**176,810**	**(5,134)**	**542,043**
Total gains/(losses) and comprehensive income for the year	–	456,610	(8,302)	448,308
Share issue	395,000	–	–	395,000
Share issue costs	(6,417)	–	–	(6,417)
At 30 September 2021	**758,950**	**633,420**	**(13,436)**	**1,378,934**

The notes on pages 90 to 116 form an integral part of these Audited Financial Statements.

Statement of Cash Flows

For the year ended 30 September 2021

		2021	2020
	Notes	£'000	£'000
Cash flows from operating activities			
Interest paid	8	(238)	–
Other expense payments	19	(37,987)	(5,286)
Interest income	5	851	560
Purchase of investments		(426,639)	(212,013)
Sale of investments	11	94,707	19,632
Net gains/(losses) on currency movements		268	(985)
Net cash outflow from operating activities		**(369,038)**	**(198,092)**
Cash flows from financing activities			
Issue of ordinary shares	17	395,000	–
Share issue costs	17	(6,417)	–
Proceeds of loan payable	15	15,000	–
Net cash inflow from financing activities		**403,583**	**–**
Net increase/(decrease) in cash and cash equivalents		**34,545**	**(198,092)**
Net (loss)/gains on cash currency movements		(310)	986
Cash and cash equivalents at beginning of year		15,559	212,665
Cash and cash equivalents at end of year	12	**49,794**	**15,559**
Cash and cash equivalents comprise of the following:			
– Cash at bank		49,794	15,559
		49,794	**15,559**

The notes on pages 90 to 116 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements

For the year ended 30 September 2021

1. Reporting Entity

Chrysalis Investments Limited (the "Company") is a closed-ended investment company, registered in Guernsey on 3 September 2018, with registered number 65432. The Company's registered office is 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey GY1 1WD.

The Company is a Registered Closed-ended Collective Investment Scheme regulated by the Guernsey Financial Services Commission ("GFSC"), with reference number 2404263, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Closed-ended Investment Scheme Rules 2015.

The Company's 547,273,076 shares in issue (per note 17) under ticker CHRY, SEDOL BGJYPP4 and ISIN GG00BGJYPP46 have a premium listing and are admitted to trading on the London Stock Exchange's Main Market for listed securities. During the year, the Company had share issues of 64,189,189 and 146,341,463 for a net consideration of £93,346,659 and £295,236,429 respectively. The shares were issued on 9 October 2020 and 30 March 2021. The Audited Financial Statements of the Company are presented for the year ended 30 September 2021.

The Company invests in a diversified portfolio consisting primarily of equity and equity-related securities issued by unquoted companies. The Company became a FTSE 250 company on 23 March 2021.

The Company received investment advice from Jupiter Investment Management Limited ("JIML") (formerly known as Merian Global Investors (UK) Limited or "MGI") during the year ended 30 September 2021. The administration of the Company is delegated to Maitland Administration (Guernsey) Limited ("MAGL") (the "Administrator").

2. Significant Accounting Policies

(a) Basis of Accounting

The Audited Financial Statements have been prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Audited Financial Statements give a true and fair view and comply with the Companies (Guernsey) Law, 2008.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment companies issued by the Association of Investment Companies ("AIC") updated in February 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the Audited Financial Statements on a basis compliant with the recommendations of the SORP.

(b) Going Concern

The Directors have adopted the going concern basis in preparing the annual Audited Financial Statements.

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered recent market volatility and the impact of COVID-19 on the Company's investments. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the Financial Report and Audited Financial Statements.

At year end, the Company has a current cash position of £49,794,000, net current liabilities amounting to £81,264,000 and liquid listed investments amounting to £236,756,000.

On 29 November, the Company announced that it had entered into an agreement with the AIFM, Jupiter Unit Trust Managers Limited ("JUTM") to settle 54% (£60,522,000) of the performance fee due in respect of the year to 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount will be settled in cash. The issue price of the shares will be 267p per share (being the closing share price on 30 September 2021). The shares will be issued after approval of the Financial Report and Audited Financial Statements with the cash settled shortly afterwards. The accounting for the settlement of this transaction will be reflected within the Company's financial statements for the year ending 30 September 2022.

On 13 December 2021, the Company announces that it has raised gross proceeds of £60 million pursuant to the Placing and the PrimaryBid Offer (the "Issue"). Accordingly, under the Issue an aggregate of 25,210,084 new Ordinary Shares have been issued and allotted conditionally upon admission at a price of 238 pence per Ordinary Share.

Therefore, the Company has sufficient liquidity to meet its obligations. For these reasons, the Directors continue to adopt the going concern basis in preparing the Financial Report and Audited Financial Statements.

(c) Functional and Presentation currency

The Audited Financial Statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Audited Financial Statements, the results and financial position of the Company are expressed in pound sterling ("£").

(d) Segmental Reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business with the primary objective of investing in securities to generate capital growth for shareholders. Consequently, no business segmental analysis is provided.

The key measure of performance used by the Board is the Net Asset Value of the Company (which is calculated under IFRS). Therefore, no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Audited Financial Statements.

(e) Income

Interest income is accounted for on an accruals basis and recognised in profit or loss in the Statement of Comprehensive Income. Interest income includes interest earned on convertible loan notes, cash held at bank on call, on deposit and cash held as cash equivalents including UK treasury bills.

(f) Expenses

Expenses are accounted for on an accruals basis. The Company's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income and are charged to Revenue. Performance fee is charged to the capital column in the Statement of Comprehensive Income.

(g) Dividends to Shareholders

Dividends are recognised in the year in which they are paid.

(h) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey for the current year. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200 (2020: £1,200).

(i) Financial Instruments

Classification

The Company's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets held at amortised cost

Assets that are held in order to collect contractual cash flows give rise to cash flows that are solely payments of principal and interest are measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method.

The Company has elected to apply the simplified approach permitted by IFRS 9 in respect of trade and other receivables. This approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company's financial assets held at amortised cost include trade and other receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

For investments actively traded in organised financial markets, fair value will generally be determined by reference to Stock Exchange quoted market bid prices at the close of business on the valuation date, without adjustment for transaction costs necessary to realise the asset.

In respect of unquoted instruments, including associates, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVC").

The Company has adopted a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with IFRS as well as IPEVC.

The unquoted securities valuation policy and the associated valuation procedures are subject to review on a regular basis, and updated as appropriate, in line with industry best practice. In addition, the Company works with independent third-party valuation firms, to obtain assistance, advice, assurance, and documentation in relation to the ongoing valuation process.

The Company considers it impractical to perform an in-depth valuation analysis for every unquoted investment on a daily basis (whether internally or with the assistance of an independent third party).

Therefore, it is expected that an in-depth valuation of each investment will be performed independently by an independent third-party valuation firm: (i) on a quarterly basis; and (ii) where JUTM determines that a Triggering Event has occurred.

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

A "Triggering Event" may include any of the following:

- a subsequent round of financing (whether pro rata or otherwise) by the relevant investee company;
- a significant or material milestone achieved by the relevant investee company;
- a secondary transaction involving the relevant investee company on which sufficient information is available;
- a change in the makeup of the management of the relevant investee company;
- a material change in the recent financial performance or expected future financial performance of the relevant investee company;
- a material change in the market environment in which the relevant investee company operates; or
- a significant movement in market indices or economic indicators.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction.

The change in fair value is recognised in profit or loss and is presented within the "net gains on investments held at fair value through profit or loss" in the Statement of Comprehensive Income.

IFRS requires the Company to measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy under IFRS are as follows:

- Level 1 reflects financial instruments quoted in an active market.
- Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.
- Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data. For investments that are recognised in the Audited Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest significant input) at the date of the event that caused the transfer.

Recognition and derecognition of financial assets
The Company recognises a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A financial asset (in whole or in part) is derecognised either (i) when the Company has transferred substantially all the risks and rewards of ownership; or (ii) when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or (iii) when the contractual right to receive cash flow has expired. The derecognised investments are measured at the weighted average method. Any gain or loss on derecognition is recognised in the Net gains on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(j) Cash and Cash Equivalents

Cash comprises cash and demand deposits. Cash equivalents, which may include UK treasury bills, are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Included in cash and cash equivalents at the year end was cash at bank of £49,794,000. Refer to note 12 for further details of the cash balance held at 30 September 2021.

(k) Other Receivables

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at amortised cost.

(l) Foreign Currency

Transactions and balances
At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the year in which they arise. Transactions denominated in foreign currencies are translated into pound sterling (£) at the rate of exchange ruling at the date of the transaction.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Where foreign currency items are held at fair value, the foreign currency movements are presented as part of the fair value change.

(m) Capital Reserve

Profits achieved by selling investments and changes in fair value arising upon the revaluation of investments that remain in the portfolio are all charged to profit or loss in the capital column of the Statement of Comprehensive Income and allocated to the capital reserve. The capital reserve is also used to fund dividend distributions.

(n) Revenue Reserve

The balance of all items allocated to the revenue column of the Statement of Comprehensive Income for the year is transferred to the Company's revenue reserve.

3. Use of Estimates and Critical Judgements

The preparation of Audited Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Audited Financial Statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. There were no significant accounting estimates or significant judgements in the current year, except for the use of estimates in the valuation of the unquoted investments detailed in note 20.

4. New and Revised Standards

The following accounting standards and their amendments were in issue at the year end but will not be in effect until after this financial year end and have not been early-adopted by the Company. The Directors have considered their impact and have concluded that they will not have a significant impact on the Audited Financial Statements.

- Amendments to IFRS 9, IAS 1 and IAS 37 - effective 1 January 2022
- Amendments to IAS 1, IAS 8 and IAS 12 - effective 1 January 2023

5. Interest Income

Interest income totalling £380,000 was earned from the Sorted Holdings Limited Convertible Loan which is held at fair value through profit or loss (FVTPL). £471,000 was earned from the wefox Loan note which converted during the current year. It was also held at fair value through profit or loss (FVTPL). Interest is accounted for using the effective interest method.

6. Investment Management Fees

	2021	2020
	£'000	£'000
Investment management fee	5,153	2,084
Investment performance fee – charged to capital	112,077	32,608
Total investment management fees	**117,230**	**34,692**

On 1 May 2021 the Company appointed Jupiter Unit Trust Managers Limited ("JUTM") as its new Alternative Investment Fund Manager ("AIFM"), replacing Maitland Institutional Services Limited whose appointment was terminated at the same time. JUTM subsequently sub delegated portfolio management to Jupiter Investment Management Limited ("JIML", formerly Merian Global Investors (UK) Limited or "MGI") which is a member of the same group.

JIML continues to act as Investment Advisor and the change does not impact the provision of services to the Company by the existing management team at the Investment Advisor. The management and performance fees previously payable to JIML are now payable to JUTM.

Management Fee

The monthly management fee is equal to 1/12 of 0.5% of the Net Asset Value (the "management fee"). The management fee is calculated and paid monthly in arrears[1].

If at any time the Company invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by JUTM or any of its Associates and is not waived, the value of such investment will be excluded from the calculation of NAV for the purposes of determining the management fee.

As at 30 September 2021, an amount of £3,333,000 (2020: £631,000 to JIML) was outstanding and due to JUTM in respect of management fees.

Performance Fee

JUTM will be entitled to receive a performance fee, the sum of which is equal to 20% of the amount by which the Adjusted Net Asset Value at the end of a Calculation Period exceeds the higher of: (i) the Performance Hurdle; and (ii) the High Water Mark (the "performance fee"). The calculation period for the current period will be the period commencing on 1 October 2020 and ending on 30 September 2021 (the "Calculation Period").

Adjusted Net Asset Value at the end of a Calculation Period shall be the audited NAV in Sterling at the end of the relevant Calculation Period:

i. plus an amount equal to any accrued or paid performance fee in respect of that Calculation Period or any prior Calculation Period;

ii. plus an amount equal to all dividend or other income distributions paid to shareholders that have been declared and paid on or prior to the end of the relevant Calculation Period;

iii. minus the amount of any distribution declared in respect of the Calculation Period but which has not already reduced the audited NAV;

[1] For the period from first admission until the date on which 90% of the net proceeds were invested, directly or indirectly, the value attributable to any investments other than equity or equity-related investments in quoted or unquoted portfolio companies held for investment purposes (including cash, near cash investments or highly liquid investments immediately convertible into cash) was excluded from the calculation of Net Asset Value ("NAV") for the purposes of determining the management fee. This period expired on 1 October 2020.

iv. minus the Net Capital Change where the Net Capital Change is positive or, correspondingly, plus the Net Capital Change where such net Capital Change is negative (which for this purpose includes the Net Capital Change in the relevant Calculation Period and each preceding Calculation Period); and

v. minus any increase in the NAV during the Calculation Period attributable to investments attributable to C shares prior to the conversion of those C shares.

"Performance Hurdle" means, in relation to the Calculation Period, ("A" multiplied by "B") + C where:

"A" is 8% (expressed for the purposes of this calculation as 1.08) (calculated as an annual rate and adjusted to the extent the Calculation Period is greater or shorter than one year).

"B" is:

i. in respect of the first Calculation Period, the Net Issue Proceeds; or

ii. in respect of each subsequent Calculation Period, the sum of this calculation as at the end of the immediately preceding Calculation Period: plus (where sum is positive) or minus (where such sum is negative) the Net Capital Change attributable to shares issues and repurchases in all preceding Calculation Period (the amount in this paragraph (b) being the "Aggregate NCC"), in each case, plus (where such sum is positive) or minus (where such sum is negative) the sum of:

   x. in respect of each share issue undertaken in the relevant Calculation Period being assessed, an amount equal to the Net Capital Change attributable to that share issue multiplied by the sum of the number of days between admission to trading of the relevant shares and the end of the relevant Calculation Period divided by 365 (such amount being the "issue adjustment"), minus

   y. in respect of each repurchase or redemption of shares undertaken in the relevant Calculation Period being assessed, an amount equal to Net Capital Charge attributable to that share purchase or redemption multiplied by the number of days between the relevant disbursement of monies to fund such repurchase or redemption and the end of the relevant Calculation Period divided by 365 (such amount being the "reduction adjustment").

"C" is the sum of:

i. the issue adjustment for the Calculation Period;

ii. the reduction adjustment for the Calculation Period; and

iii. the Aggregate NCC multiplied by -1.

"Net Capital Change" equals I minus R where:

i. "I" is the aggregate of the net proceeds of any share issue over the relevant year (other than the first issue of ordinary shares);

ii. "R" is the aggregate of amounts disbursed by the Company in respect of the share redemption or repurchases over the relevant period.

"High Water Mark" means the Adjusted Net Asset Value as at the end of the Calculation Period in respect of which a performance fee was last earned or if no performance fee has yet been earned, an amount equal to the Net Issue Proceeds (as such term is defined in the prospectus); and

"Calculation period" means each twelve-month period ending on 30 September, except that the first Calculation Period shall be the period commencing on Admission and ending on 30 September 2019.

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

6. Investment Management Fees (continued)

Performance Fee (continued)

Under the terms of the Investment Management Agreement, any accrued and unpaid performance fees will crystallise and become payable to JUTM upon certain termination events.

The accrued performance fee shall only be payable by the Company to the extent that the Payment Amount is greater than the sum of the performance fee (which shall both be calculated as at the end of each Calculation Period) and, to the extent that the Payment Amount is less than the sum of the performance fee for that Calculation Period, an amount equal to the difference shall be carried forward and included in the performance fee calculated as at the end of the next Calculation Period (and such amount shall be paid before any performance fee accrued at a later date).

"Payment amount" is the sum of:

i. aggregate net realised profits on investments since the start of the relevant Calculation Period; plus

ii. an amount equal to each IPO investment unrealised gain where the initial public offering of the relevant investment takes place during the relevant Calculation Period; plus or minus (as applicable)

iii. an amount equal to the listed investment value change attributable to that calculation period; plus

iv. the aggregate amount of all dividends or other income received from investments of the Company in that Calculation Period (other than investments made pursuant to the cash management policy of the Company as stated in the Investment Policy).

No performance fee is payable out of the assets attributable to any C Shares in issue from time to time.

As at 30 September 2021, the Company had exceeded the High Water Mark and Performance Hurdle and an accrual of £112,077,000 (2020: £32,608,000) for performance fees has been reflected within these Audited Financial Statements.

An amount of £112,077,000 (2020: £32,710,000) was outstanding and due to JUTM in respect of performance fee due as at 30 September 2021.

On 29 November, the Company announced that it had entered into an agreement with JUTM to settle 54% (£60,522,000) of the performance fee due in respect of the year to 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount will be settled in cash. The issue price of the shares will be 267p per share (being the closing share price on 30 September 2021). The shares will be issued after approval of the Financial Report and Audited Financial Statements with the cash settled shortly afterwards. The accounting for the settlement of this transaction will be reflected within the Company's financial statements for the year ending 30 September 2022.

7. Other Expenses

	2021	2020
	£'000	£'000
Administration fee	237	125
AIFM fee	400	147
Auditor's remuneration for:		
- audit fees (current year)	120	74
- audit fees (prior year)	42	–
- non-audit fees	114	53
Depositary fees	91	36
Directors' expenses	–	1
Directors' fees	404	208
Directors' liability insurance	49	33
FCA fees	18	11
Legal fee and professional fees:		
- ongoing operations	946	76
- valuation fees	221	31
- due diligence fees	165	40
- purchases	354	869
Listing fees	140	18
Loan agreement fee	160	–
Loan commitment fee	88	–
Printing fees	47	36
Registrars' fees	42	20
Secretarial fees	35	36
Sundry	89	83
	3,762	**1,897**

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

8. Finance Costs

	2021	2020
	£'000	£'000
Bank interest	21	–
Loan interest	217	–
	238	**–**

9. (Losses)/gains per ordinary share

	30 September 2021		30 September 2020	
	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return	(8,302)	(1.75)	(3,694)	(1.10)
Capital return	456,610	96.51	164,106	48.73
	448,308	**94.76**	**160,412**	**47.63**
Weighted average number of Ordinary Shares		473,121,001		336,742,424

The return per share is calculated using the weighted average number of ordinary shares.

10. Dividends

The Board has not declared a dividend (2020: £nil).

11. Investments held at fair value through profit or loss

	2021	2020
	£'000	£'000
Opening book cost	404,480	157,591
Opening investment holding unrealised gains	201,807	12,449
Opening valuation	**606,287**	**170,040**
Movements in the year:		
Purchases at cost	380,199	258,453
Sales – proceeds	(94,707)	(19,632)
Net gains on investments held at fair value through profit or loss	568,419	197,426
Closing valuation	**1,460,198**	**606,287**
Closing book cost	758,013	404,480
Closing investment holding unrealised gains	702,185	201,807
Closing valuation	**1,460,198**	**606,287**
Movement in unrealised gains during the year	501,083	197,199
Movement in unrealised losses during the year	(705)	(7,841)
Realised gain on sale of investments	68,041	8,068
Net gains on investments held at fair value through profit or loss	**568,419**	**197,426**

12. Cash and Cash Equivalents

	2021	2020
	£'000	£'000
Cash and cash equivalents comprise of the following:		
Cash at bank	49,794	15,559
	49,794	**15,559**

13. Other Receivables

	2021	2020
	£'000	£'000
Prepayments and accrued income	427	267
	427	**267**

14. Unsettled Trades

The prior year payable in respect of unsettled trades of £46,440,000 relates to the amount due for the purchase of You & Mr Jones on 30 September 2020. This amount was settled on 15 October 2020. No amounts remained outstanding in relation to unsettled trades at 30 September 2021.

15. Loan payable

	2021	2020
	£'000	£'000
Barclays Bank PLC	15,000	–

During the period the Company entered into a revolving loan facility with Barclays Bank PLC. The facility has an interest rate of LIBOR +2.5%. An amount of £15,000,000 was drawn on the facility at the year end. The Company incurred agreement fees of £160,000 and a commitment fee of £88,000 during the period in respect of the facility. The loan was subsequently repaid in full on 15 October 2021 and was not available to be redrawn.

16. Other payables

	2021	2020
	£'000	£'000
Administration fees	142	37
AIFM fees	280	45
Audit fees	142	88
Loan interest	86	–
Pricing review fees	276	40
Custodian fees	30	22
Other creditors	119	57
	1,075	**289**

17. Share Capital

	No of shares	£'000
Ordinary Shares at no par value		
At 30 September 2019	336,742,424	370,366
Issue costs	–	1
At 30 September 2020	**336,742,424**	**370,367**
Issue of shares	210,530,652	395,000
Issue costs	–	(6,417)
At 30 September 2021	**547,273,076**	**758,950**

The holders of Ordinary Shares have the right to receive notice of and attend, speak and vote in general meetings of the Company. They are also entitled to participate in any dividends and other distributions of the Company.

18. Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary Share and the Net Asset Value at the year end calculated in accordance with the Articles of Incorporation were as follows:

	30 September 2021		30 September 2020	
	NAV per share pence	NAV attributable £'000	NAV per share pence	NAV attributable £'000
Ordinary Shares: basic and diluted	251.96	1,378,934	160.97	542,043

The Net Asset Value per Ordinary Share is based on 547,273,076 (2020: 336,742,424) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

19. Other expenses payments

	2021	2020
	£'000	£'000
Total gains and comprehensive income for the year	448,308	160,412
Net gains on investments held at fair value through profit or loss	(568,419)	(197,426)
Interest income	(851)	(560)
Finance costs	238	-
Net losses/(gains) on currency movements	42	(1)
Movement in working capital		
Increase in other receivables	(160)	(185)
Increase in payables (excluding unsettled trades and loan payable)	82,855	32,474
	(37,987)	**(5,286)**

20. Financial Instruments and Capital Disclosures

The Company's activities expose it to a variety of financial risks; market risk (including other price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk.

Certain financial assets and financial liabilities of the Company are carried in the Statement of Financial Position at their fair value. The fair value is the amount at which the asset could be sold, or the liability transferred in a current transaction between market participants, other than a forced or liquidation sale. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market mid prices and Stock Exchange Electronic Trading Services ("SETS") at last trade price at the year end date, without adjustment for transaction costs necessary to realise the asset. Other financial instruments not carried at fair value are typically short-term in nature and reprice to the current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, other receivables and other payables.

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's-length basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 2 inputs include the following:

- quoted prices for similar (i.e. not identical) assets in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active. Characteristics of an inactive market include a significant decline in the volume and level of trading activity, the available prices vary significantly over time or among market participants or the prices are not current;
- inputs other than quoted prices that are observable for the asset (for example, interest rates and yield curves observable at commonly quoted intervals); and
- inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market-corroborated inputs).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

At 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	236,756	–	–	236,756
Unquoted equity/Convertible debt	–	–	1,223,442	1,223,442
	236,756	**–**	**1,223,442**	**1,460,198**

At 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	94,213	–	–	94,213
Unquoted equity/Convertible debt	–	–	512,074	512,074
	94,213	**–**	**512,074**	**606,287**

20. Financial Instruments and Capital Disclosures (continued)

The following table shows the valuation techniques used for Level 3 fair values, as well as the significant unobservable inputs used for Level 3 items:

Unlisted Investments 2021

Fair Value as at 30 September 2021 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
840,358	Market approach using comparable traded multiples	EV/2022E revenue multiples EV/LTM revenue multiples EV/2021E revenue multiples	5.47 – 18.50x	10%	If revenue multiples changed by +/- 10%, the value of the companies in this group would change by +/-£76,875,162
1,332	Wind Down	N/A	N/A	N/A	N/A
307,147	Recent transaction price	N/A	N/A	N/A	N/A
74,605	Indicative Offer	N/A	N/A	N/A	N/A

The following table shows the valuation techniques used for Level 3 fair values, as well as the significant unobservable inputs used for Level 3 item:

Unlisted Investments 2020

Fair Value as at 30 September 2020 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
115,474	Comparable Company performance	Selection of comparable companies	15-30%	10%	If input comparable company performance changed by +/- 10%, the fair value would change by +/-£1,975,506
185,809	Market approach using comparable traded multiples	EV/LTM revenue multiple EV/EBITDA Multiple	1.8-13.5x 13.8-15.4x	10% 10%	If EV/LTM multiples changed by +/- 10%, the fair value would change by +/- £9,548,694 If EV/EBITDA multiples changed by +/- 10%, the fair value would change by +/-£5,069,250
69,640	Discounted Cash Flow	Discount Factor	12%	1%	If discount factor increased by 1%, the fair value would reduce by £8,190,000, if the discount factor decreased by 1%, the fair value would increase by £14,691,000
139,892	Recent transaction price	N/A	N/A	N/A	N/A
1,256	Wind Down	N/A	N/A	N/A	N/A

The Company has an established control framework with respect to the measurement of fair values. The Unlisted Asset Valuation Committee ("UAVC") of the AIFM is responsible for valuation.

The UAVC regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair vales, then the UAVC assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including to the level in the fair value hierarchy in which the valuation should be classified.

20. Financial Instruments and Capital Disclosures (continued)

The following table shows a reconciliation of the opening balance to the closing balance for Level 1 and 3 fair values:

	2021	2020	2021	2020
	Level 1 £'000	**Level 1 £'000**	**Level 3 £'000**	**Level 3 £'000**
Opening balance	94,213	–	512,074	170,040
Transferred to Level 1	161,161	64,306	(161,161)	(64,306)
Purchases	64,101	14,442	316,098	244,011
Sales	(94,707)	–	–	(19,632)
Total gains/(losses) included in net gains on investments in the statement of comprehensive income				
- on assets sold	68,041	–	–	8,068
- on assets held at year end	(56,053)	15,465	556,431	173,893
	236,756	**94,213**	**1,223,442**	**512,074**

The change in unrealised gains or losses (net gain) for the period included in the Statement of Comprehensive Income relating to those Level 3 assets held at the reporting date amount to £474,928,000 (2020: £140,163,879).

The transfer of £108,657,367 relates to Wise PLC, which has moved from being a Level 3 asset to a Level 1 asset as a result of its listing in July 2021. The prior year movement of £64,306,000 relates to THG PLC, which has moved from being a Level 3 asset to a Level 1 asset as a result of its listing in September 2020.

Investments are moved between levels at the point of the trigger event.

The main risks that the Company faces arising from its financial instruments are:

i. market risk, including:
   - other price risk, being the risk that the value of investments will fluctuate as a result of changes in market prices;
   - interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates;
   - foreign currency risk, being the risk that the value of financial assets and liabilities will fluctuate because of movements in currency rates;

ii. credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and

iii. liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments.

Other Price Risk

The management of price risk is part of the investment management process and is characteristic of investing in equity securities. The investment portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Although it is the Company's current policy not to use derivatives, they may be used from time to time for the purpose of efficient portfolio management and managing any exposure to assets denominated in currencies other than pound sterling.

If the investment portfolio valuation rose or fell by 10% at 30 September 2021, the impact on the net asset value would have been £146,019,845 (2020: £60,628,682). The calculations are based on the investment portfolio valuation as at the Statement of Financial Position date and are not necessarily representative of the year as a whole.

Interest Rate Risk

As at 30 September 2021 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2021
	In one year or less £'000	**Greater than one year £'000**	**Total £'000**
Cash and cash equivalents (daily interest rate)	49,794	–	49,794
Loan payable (LIBOR +2.5%)	(15,000)	–	(15,000)
Total	**34,794**	**–**	**34,794**

As at 30 September 2020 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2020
	In one year or less £'000	**Greater than one year £'000**	**Total £'000**
Cash and cash equivalents (daily interest rate)	15,559	–	15,559
Total	**15,559**	**–**	**15,559**

20. Financial Instruments and Capital Disclosures (continued)

Liquidity and Interest Risk Tables

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities:

					2021
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Convertible loan note (notional)	8% fixed rate	5,205	–	–	5,205
Cash	Daily bank rate	49,794	–	–	49,794
Other receivables	Interest free	427	–	–	427
		55,426	**–**	**–**	**55,426**

					2020
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Convertible loan note (notional)	2% fixed rate	17,600	–	–	17,600
Cash	Daily bank rate	15,559	–	–	15,559
Other receivables	Interest free	267	–	–	267
		33,426	**–**	**–**	**33,426**

					2021
	Interest rate %	Year 1	Year 1 – 2	Over 2 years	Total
Liabilities					
Loan payable	Libor +2.5%	15,000	–	–	15,000
Other current liabilities	Interest free	116,485	–	–	116,485
		131,485	**–**	**–**	**131,485**

					2020
	Interest rate %	Year 1	Year 1 – 2	Over 2 years	Total
Liabilities					
Current liabilities	Interest free	80,070	–	–	80,070
		80,070	**–**	**–**	**80,070**

Foreign Currency Risk

The Investment Advisor does not normally hedge against foreign currency movements affecting the value of the investment portfolio but takes account of this risk when making investment decisions. The Company invests in securities denominated in foreign currencies which give rise to currency risks.

Foreign currency exposure:

				2021
	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000
US dollar	253,247	216	–	2
Euro	108,657	10	–	–
Swedish krona	386,999	–	–	–
Total	**748,903**	**226**	**–**	**2**

				2020
	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000
US dollar	193,493	47	–	–
Euro	35,018	13,617	232	–
Swedish krona	93,453	–	–	–
Total	**321,964**	**13,664**	**232**	**–**

During the year pound sterling strengthened by an average of 4.43% against all of the currencies in the investment portfolio (weighted for exposure at 30 September 2021). If the value of pound sterling had strengthened against each of the currencies in the portfolio by 10%, the impact on the Net Asset Value would have been negative £68,082,169 (2020: negative £29,269,000). If the value of pound sterling had weakened against each of the currencies in the investment portfolio by 10%, the impact on the Net Asset Value would have been positive £83,211,540 (2020: £35,774,000). The calculations are based on the investment portfolio valuation and cash balances as at the year end and are not necessarily representative of the year as a whole.

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

20. Financial Instruments and Capital Disclosures (continued)

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. JUTM has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date, and the main exposure to credit risk is via the Company's Depositary who is responsible for the safeguarding of the Company's cash balances.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2021	2020
	£'000	**£'000**
Convertible loan note (fair value)	5,205	35,018
Cash and cash equivalents	49,794	15,559
Other receivables	427	232
	55,426	**50,809**

All the assets of the Company which are traded on a recognised exchange are held on its behalf by the UK Branch of the Citibank Europe plc, the Company's Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to securities held by the Depositary to be delayed or limited.

The credit risk on cash is controlled through the use of counterparties or banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

Cash of £49,554,588, $290,491, CHF73 and €11,069 was held with Citibank Europe plc at year end.

The credit rating of Citibank Europe plc, UK Branch was A-1 at the year end[1].

Liquidity Risk

Liquidity risk is defined as the risk that the Company does not have sufficient liquid resources to meet its obligations as they fall due. In managing the Company's assets, the AIFM will seek to ensure that the Company holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations as they fall due. The Company may also maintain a short-term overdraft facility that it may utilise from time to time to manage short-term liquidity.

The Company invests in a number of unquoted securities which are not readily realisable. These investments make up 89% (2020: 80%) of the net assets as at 30 September 2021.

The Company's liquidity risk is overseen by JUTM in accordance with established policies, procedures and governance structures in place. Cash flow forecasting is monitored by JUTM to ensure that it has sufficient cash to meet obligations as they fall due.

[1] Credit rating obtained from Standard & Poor's (S&P). S&P is a leading index provider and data source of independent credit ratings.

The maturity profile of the Company's current assets and liabilities is presented in the following table:

				2021
	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	Total £
Assets				
Convertible loan note (notional)	–	5,205	–	5,205
Cash	49,794	–	–	49,794
Other receivables	427	–	–	427
Liabilities				
Current liabilities	(116,485)	–	–	(116,485)
Loan payable	–	(15,000)	–	(15,000)
Total	**(66,264)**	**(9,795)**	**–**	**(76,059)**

				2020
	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	Total £
Assets				
Convertible loan note (notional)	–	17,600	–	17,600
Cash	15,559	–	–	15,559
Other receivables	267	–	–	267
Liabilities				
Current liabilities	(80,070)	–	–	(80,070)
Total	**(64,244)**	**17,600**	**–**	**(46,644)**

20. Financial Instruments and Capital Disclosures (continued)

Capital Management Objectives, Policies and Procedures

The structure of the Company's capital is described in note 17 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 88.

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to generate long-term capital growth through investing in a portfolio consisting primarily of equity or equity related investments in unquoted companies.

The Board, with the assistance of the AIFM and the Investment Advisor, regularly monitors and reviews the broad structure of the Company's capital. These reviews include:

- the level of gearing, set at limits in normal market conditions, between 5% and 25% of net assets, which takes account of the Company's position and the views of the Board, the AIFM and the Investment Advisor on the market;
- the extent to which revenue reserves should be retained or utilised; and
- ensuring the Company's ability to continue as a going concern.

21. Related Parties

On 1 May 2021 the Company appointed Jupiter Unit Trust Managers Limited ("JUTM") as its new Alternative Investment Fund Manager ("AIFM"), replacing Maitland Institutional Services Limited whose appointment was terminated at the same time. JUTM subsequently sub delegated portfolio management to Jupiter Investment Management Limited ("JIML", formerly Merian Global Investors (UK) Limited or "MGI") which is a member of the same group.

JIML continues to act as Investment Advisor and the change does not impact the provision of services to the Company by the existing management team at the Investment Advisor. The management and performance fees previously payable to JIML are now payable to JUTM. JUTM is also entitled to an AIFM fee.

	2021	2020
	£'000	£'000
Management fee charged by JUTM:		
Total management fee charged	2,840	–
Management fee outstanding	2,840	–
Performance fee charged by JUTM:		
Total performance fee charged	112,077	–
Performance fee outstanding	112,077	–
AIFM fee charged by JUTM:		
Total AIFM fee charged	147	–
AIFM fee outstanding	147	–
Management fee charged by JIML (formerly MGI):		
Total management fee charged	2,313	2,084
Management fee outstanding	493	631
Performance fee charged by JIML (formerly MGI):		
Total performance fee charged	–	32,608
Performance fee outstanding	–	32,710
AIFM fee charged by Maitland Institutional Services Ltd		
Total AIFM fee charged	248	147
AIFM fee outstanding	129	45
Directors' fees		
Total Directors' fees charged	354	208
Directors' fees outstanding	–	–

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

21. Related Parties (continued)

As at 30 September 2021 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2021
Director		
Andrew Haining	64,000	0.0117
Stephen Coe	50,909	0.0093
Simon Holden	72,500	0.0132
Anne Ewing	32,500	0.0059
Tim Cruttenden	14,968	0.0027
Margaret O'Connor	–	–

As at 30 September 2020 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2020
Director		
Andrew Haining	45,000	0.0134
Stephen Coe	45,909	0.0136
Simon Holden	67,500	0.0200
Anne Ewing	7,500	0.0022
Tim Cruttenden	9,090	0.0027

Anne Ewing purchased 20,000 ordinary shares after the year end.

The following funds, which are also managed by Jupiter, hold an investment in the Company.

	Total holdings at 30 September 2020	Shares purchased during the period	Shares sold during the period	Total holdings 30 September 2021	Value of holdings 30 September 2021 £'000
Fund name					
Jupiter UK Smaller Companies Focus Fund	5,520,882	2,637,000	(1,590,596)	6,567,286	17,535
Jupiter UK Specialist Equity Fund	8,112,820	–	(1,103,652)	7,009,168	18,714
Jupiter UK Mid-Cap Fund	51,451,305	26,141,070	–	77,592,375	207,172
Jupiter UK Smaller Companies Fund	14,601,552	3,219,000	–	17,820,552	47,581
Total	**79,686,559**	**31,997,070**	**(2,694,248)**	**108,989,381**	**291,002**

	Total holdings at 30 September 2019	Shares purchased during the period	Shares sold during the period	Total holdings 30 September 2020	Value of holdings 30 September 2020 £'000
Fund name					
Jupiter UK Smaller Companies Focus Fund	11,661,602	–	(6,140,720)	5,520,882	8,005
Jupiter UK Specialist Equity Fund	14,531,866	–	(6,419,046)	8,112,820	11,764
Jupiter UK Mid-Cap Fund	51,451,305	–	–	51,451,305	74,604
Jupiter UK Smaller Companies Fund	14,601,552	–	–	14,601,552	21,172
Total	**92,246,325**	**–**	**(12,559,766)**	**79,686,559**	**115,545**

Notes to the Audited Financial Statements

For the year ended 30 September 2021

(continued)

22. Post Balance Sheet Events

On 21 October 2021, the Company completed a £96,548 follow-on investment in Featurespace Limited.

During November 2021, the Company also increased its investment in Sorted Holdings Limited by £12,500,250. At the point in time of this follow-on investment, the loan note associated with this investment and the related accrued interest outstanding was converted to share capital.

The Company has also completed a £14,924,897 follow-on investment in Smart Pension Limited in December 2021.

The Company increased its holding in THG PLC in October and November 2021, by £7,763,146 and £7,455,892 respectively into a falling share price, which was c121p in January 2022.

On 13 December 2021 the Company received £744,042, which represents the first tranche of liquidation proceeds in respect of Growth Street Holdings Limited.

On 29 November 2021, the Company announced that it had entered into an agreement with JUTM to settle 54% (£60,522,000) of the performance fee due in respect of the year to 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount will be settled in cash. The issue price of the shares will be 267p per share (being the closing share price on 30 September 2021). The shares will be issued after approval of the Financial Report and Audited Financial Statements with the cash settled shortly afterwards. The accounting for the settlement of this transaction will be reflected within the Company's financial statements for the year ending 30 September 2022.

On 13 December 2021 the Company announced that it had raised gross proceeds of £60 million pursuant to a Placing and the PrimaryBid Offer. Subsequently, an aggregate of 25,210,084 new Ordinary Shares have been issued and allotted at a price of 238 pence per Ordinary Share.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial year.

Corporate Information

Directors
Andrew Haining, Chairman
Anne Ewing
Simon Holden
Stephen Coe (Senior Independent Director)
Tim Cruttenden
Margaret O'Connor[1]

Registered office
3rd Floor
1 Le Truchot
St Peter Port
Guernsey, GY1 1WD

Alternative Investment Fund Manager
Maitland Institutional Services Ltd[2]
Springfield Lodge
Colchester Road
Chelmsford
Essex, CM2 5PW

Jupiter Unit Trust Managers Limited (JUTM)[3]
The Zig Zag Building
70 Victoria Street
London, SE1E 6SQ

Investment Advisor
Jupiter Investment Management Limited (JIML)[4]
The Zig Zag Building
70 Victoria Street
London, SW1E 6SQ

Financial Advisor and Corporate Broker
Liberum Capital Limited
Ropemaker Place Level 12
25 Ropemaker Street
London, EC2Y 9LY

Numis Securities Limited[5]
The London Stock Exchanges Building
10 Paternoster Square
London, EC4M 7LT

Administrator and Company Secretary
Maitland Administration (Guernsey) Limited
3rd Floor
1 Le Truchot
St Peter Port
Guernsey, GY1 1WD

Registrar
Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port
Guernsey, GY1 1DB

Depositary
Citibank Europe plc[6]
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB

English Legal Advisor to the Company
Travers Smith LLP
10 Snow Hill
London, EC1A 2AL

Guernsey Legal Advisor to the Company
Ogier (Guernsey) LLP
Redwood House
St Julian's Avenue
St Peter Port
Guernsey, GY1 1AW

Independent Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 1WR

1 Appointed 6 September 2021
2 Notice served March 2021, inactive until end of notice period being 2 September 2021
3 Appointed 1 May 2021
4 Appointed 15 February 2021
5 Appointed 17 February 2021
6 On 9 October 2021 the depositary changed to Citibank UK Limited

Definitions

Benchmark Performance	With reference to investment valuation, application of the performance of a benchmark or pool of comparable companies to an unlisted company to determine a valuation.
NAV per Share	Net Asset Value expressed as an amount per share.
NAV per Share Growth	With reference to fund performance, NAV at end of stated year/NAV at beginning of stated year as a percentage.
IRR	Internal Rate of Return – with reference to investment performance, calculated using excel XIRR formula.
Trading Multiple	With reference to investment valuation, enterprise value/annual revenue of company.
Drawdown	With reference to index performance, the maximum percentage loss in value over a given time period.
Discount / Premium	The amount by which the market price per share of an investment company is lower or higher than its net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.
Net Asset Value (NAV)	The Net Asset Value (NAV) is the amount by which total assets exceed total liabilities, i.e. the difference between what the Company owns and what it owes.

Alternative Investment Fund Managers Directive Disclosure (Unaudited)

Jupiter Unit Trust Managers Ltd ("JUTM") acts as AIFM of the Company, providing risk management services to the Company. JUTM was appointed as AIFM on 1 May 2021 replacing Maitland Institutional Services Limited, whose appointment was terminated at the same time.

The AIFM is required by the Alternative Investment Fund Managers Directive ("AIFMD") and all applicable rules and regulations implementing the AIFM Directive in the UK:

- to make the Financial Report and Audited Financial Statements available to investors and to ensure that the Financial Report and Audited Financial Statements is prepared in accordance with applicable accounting standards, the Company's articles of incorporation and the AIFM Rules and that the Financial Report and Audited Financial Statements is audited in accordance with International Standards on Auditing (UK);
- be responsible for the proper valuation of the Company's assets, the calculation of the Company's net asset value and the publication of the Company's net asset value; and
- to make available to the Company's shareholders, a description of all fees, charges and expenses and the amounts thereof, which have been directly or indirectly borne by them.

The AIFM is required to ensure that the Financial Report and Audited Financial Statements contains a report that shall include a fair and balanced review of the activities and performance of the Company, containing also a description of the principal risks and investment or economic uncertainties that the Company might face.

Under the requirements of the Alternative Investment Fund Managers Directive, JUTM (part of the Jupiter Group, which comprises Jupiter Fund Management PLC and all of its subsidiaries ("Jupiter")) are required to comply with certain disclosure and reporting obligations for funds that are considered to be Alternative Investment Funds. This includes the Company.

Jupiter operates a Group-wide remuneration policy, which applies to all employees across the Group. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link:

www.jupiteram.com/corporate/Governance/Risk-management

Remuneration decisions are governed by Jupiter's Remuneration Committee (the "Committee"), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration. Implementation of the remuneration policy for the Group is subject to an annual independent review by Jupiter's internal audit department. No material outcomes or irregularities were identified as a result of the most recent independent review, which took place in 2020.

JUTM's Board includes two independent non-executive directors who are remunerated directly by JUTM. No other members of the Board receive remuneration from JUTM and are instead remunerated directly by their employing entity in the Jupiter Group. JUTM does not employ any other staff. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all its 510 Jupiter staff (including Non-Executive Directors) in respect of JUTM's AIFMD duties performed for the AIFs on a "number of funds' funds" basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Company is £1,012,364 of which £259,938 is fixed remuneration and £752,426 is variable remuneration.

The aggregate total remuneration paid by JUTM to its staff that is attributable to duties for the Company is £439,301 of which £133,533 is paid to Senior Management and £305,768 is paid to other staff. It should be noted that the aforementioned staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Company.

Alternative Investment Fund Managers Directive Disclosure (Unaudited)

(continued)

Leverage

In accordance with the AIFMD, the leverage employed by the Company as at 30 September 2021 was 0.97 as determined using the Gross method, and 1.00 as determined using the Commitment method.

Average leverage on a gross exposure basis is calculated by taking the sum of the notional values of the derivatives used by the Company, without netting, and is expressed as a ratio of the Company's net asset value. Average leverage on a commitment basis is calculated by netting the sum of the notional values of the derivatives and expressing it as a ratio of the Company's net asset value.

Disclosed in the table below is the level of leverage employed by the Company.

Maximum limit	Gross Exposure Average leverage employed during the year to 30 September 2021	Maximum limit	Commitment exposure Average leverage employed during the year to 30 September 2021
2.0	0.97	2.0	0.97

The AIFM confirms there are no other material changes listed in Articles 23 Disclosure Schedule, which are required to be disclosed under AIFMD Article 22.

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