chrysalis investments

Chrysalis Investments Limited

Interim Report and Unaudited Condensed Interim Financial Statements

For the period ended 31 March 2021

Contents

Next era potential: Transformative tech that changes our world.

Performance Highlights

"In a nutshell, this is what Chrysalis Investments was designed to do for investors: give them access to previously unobtainable investments that are growing substantially faster than those in public markets."

Nick Williamson
Investment Adviser – Jupiter Asset Management

206.15p

– NAV growth of 28.1%

Asset revaluations drove material Net Asset Value ("NAV") per ordinary share growth over the period under review (160.97p).

£300m

– Capital raising

Completed in March 2021 enabling both new and follow-on investment opportunities

195.50p

– Share price growth of 34.8%

The Company's Share Price performed well over the period under review (145p).

12 investments

– Increased diversification

Further portfolio diversification was achieved with the completion of the first US investment in You & Mr Jones.

£1.13bn

– Net asset value

Gains made from strong investment returns and fresh capital creates entry to FTSE: 250 index.

Chairman's Statement

"Our scale is important. It attracts some of the best, and largest, investment opportunities in our target market and allows us to take meaningful positions in some of the largest tech-enabled private companies in the world."

28.1%
NAV per share growth

34.8%
Share price growth

£1.13bn
Net asset value

I am pleased to present the interim accounts for the six months ended 31st March 2021 together with a portfolio update from our Investment Adviser.

Your company has enjoyed another period of strong growth. The Net Asset Value per share increased by 28.1% in the period under review while the share price increased 34.8% over the same period. Since inception of the Company in November 2018, the Net Asset Value per share has increased 109% and shareholders have seen a 96% increase in the value of their shares. This compares with a -1% fall in the FTSE All-Share index.

The Company continues to implement its strategy of investing in late stage, pre-IPO growth companies. The investment in You & Mr Jones was completed during the period, and small follow-on investments were made in Graphcore, a position which we initiated shortly after Chrysalis was established, and Featurespace. The investment portfolio now comprises twelve positions in companies which range in valuation from over £20 billion to less than £100 million and operate across a range of economic sectors and geographies. The holdings typically share common characteristics: tech-enablement; founder-led disruptors; huge addressable markets.

As growth companies choose to stay private for longer, the demand for capital to finance their growth increases. Accordingly, the Company raised a further £300 million in March 2021, following on from the £95 million raised in October 2020. This capital is allowing the Investment Adviser to invest in new investment opportunities, as well as to make follow-on investments in existing portfolio positions. As a result of this fresh capital, as well as the gains made from strong investment returns, the Company now has a market capitalisation of approximately £1.1 billion and, as of 23 March 2021 has been a constituent of the FTSE-250 index. Our scale is important. It attracts some of the best, and largest, investment opportunities in our target market and allows us to take meaningful positions in some of the largest tech-enabled private companies in the world.

Klarna, which accounts for 21.4% of our portfolio at period end, is an excellent example of how private capital markets are providing liquidity at much higher valuations and on a much "deeper" basis than had previously been thought possible. Post period end Klarna announced a further funding round at $45.6 billion. On an adjusted basis for this transaction, the holding would represent approximately 27% of the portfolio.

In November, we changed the name of the Company from Merian Chrysalis Investment Company Limited to Chrysalis Investments Limited and refreshed the Company's brand and supporting communications materials. This change reflects the sale of Merian to Jupiter as well as the growing reputation and recognition that Chrysalis has in the market.

In order to maintain a pre-eminent position in financing growth companies, the UK needs a modern and efficient mechanism for companies to list as publicly owned entities. In this regard, we welcome the proposals put forward by Lord Hill in his Listing Review Report which was published in March 2021. I am also pleased to report that the Investment Adviser made important contributions to the Review. In particular, we support the thrust to maintain the UK as an attractive place to list for companies based both in the UK and overseas. We also agree with the proposals to permit dual class share structures, to simplify the prospectus regime and to reduce the minimum free float requirements. These measures, if adopted, will continue to place the UK at the top of the list of venues for listings, particularly among the growing number of founder-managed, tech companies, as evidenced by Wise's decision to seek a listing in London.

Environmental, social and governance considerations, or ESG, as it is known within the corporate world, has been a growing investment consideration for a number of years.

The Board and the Investment Adviser have established and are currently implementing an ESG policy which ensures that we are aligning ourselves with best practice in this important area. I am pleased to note that Jupiter, the Investment Adviser, 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. The 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.

Jupiter has also committed to achieving net zero emissions by 2050 across its full range of investments and operations, including the holdings within Chrysalis, reflecting the urgent need to limit global warming to less than 1.5 degrees Celsius in line with the Paris Agreement.

The investment team, led by Richard Watts and Nick Williamson, is working hard to source and due diligence the next wave of investments in tech-enabled, growth companies. This will increase the number of portfolio holdings and lead to a broadening of economic sectors and geographies in which we are invested. At the same time, the team continues to work to maximise the returns on the Company's existing investments and to support management teams on their growth journeys.

In terms of resourcing, the Investment Adviser has been looking to grow its available resources to match the growing size of Chrysalis. To that end, Nick Williamson recently stepped back from managing his successful smaller companies listed fund to dedicate himself fully to Chrysalis, which the Board believes will be to the benefit of shareholders. In addition, the Investment Adviser is currently looking to add additional employees to ensure sufficient staffing for the next phases of growth.

Finally, I should also like to record my thanks to our shareholders for their continued support.

Andrew Haining
Chairman
29 June 2021

Portfolio Statement

As at 31 March 2021

Company		Location	Date of acquisition	Cost (£'000)	Value (£'000)	% of net assets
Klarna.	Klarna Holding AB	Sweden	09/08/2019	64,381	241,277	21.4
Starling Bank	Starling Bank Limited	UK	10/04/2019	53,248	106,948	9.5
wise	TransferWise Limited	UK	07/11/2018	43,992	102,919	9.1
THG	THG PLC	UK	16/09/2020	39,579	88,152	7.8
wefox	FinanceApp (wefox)	Switzerland	18/12/2019	39,129	81,974	7.3
embark group	Embark Group Limited	UK	14/08/2019	27,100	67,153	6.0
GRAPHCORE	Graphcore Limited	UK	17/12/2018	57,589	64,776	5.7
You & Mr Jones	You & Mr Jones Inc.	USA	30/09/2020	46,440	48,013	4.3
Feature Space	Featurespace Limited	UK	13/05/2020	24,449	39,850	3.5
secret escapes	Secret Escapes Limited	UK	07/11/2018	21,509	28,529	2.5
Sorted.	Sorted Holdings Limited	UK	15/08/2019	15,000	18,084	1.6
Growth Street	Growth Street Holdings Limited	UK	22/01/2019	12,612	1,333	0.1
Total investments				**445,028**	**889,008**	**78.8**
Cash and cash equivalents					304,966	27.0
Other current net liabilities					65,764)	5.8)
Total net assets					**1,128,210**	**100**

Investment Adviser's Report

"We see enormous potential growth for tech-enabled companies in the years ahead."

Overview

Over the first six months of its financial year, the Company continued to make good progress in relation to its objective of generating long term capital growth through investing in a portfolio of predominantly unlisted, late-stage growth companies. The Net Asset Value per share rose by 28.1% to 206.15 pence as at 31st March 2021 as a result of the completion of further funding rounds at higher valuations by two of our larger portfolio holdings – Klarna and Starling Bank – strong underlying trading from a number of portfolio holdings, and continued upward momentum in valuations of listed companies which have adapted to a new, post-COVID-19, economic environment through the application of technology. As our Chairman noted in the last Annual Report, we believe the Company has entered the 'Growth phase' of its development, in which the excellent growth in revenues from the majority of the portfolio holdings are now driving our independent valuer's assessment of portfolio valuation.

While the valuer uses a variety of well-recognised methodologies to determine the fair value, it is important to note that a number of our holdings have seen external validation of their valuations via their own funding rounds. In addition to Klarna and Starling Bank, Graphcore conducted a round in the period with wefox undertaking one post period end that valued the company in excess of $3 billion. In combination with The Hut Group ("THG") that is listed, this implies that over 50% of the portfolio has had recent or live valuation marks.

In many cases, revenue growth for our companies has been accelerated by the global COVID-19 pandemic. In the UK, the spread of the virus in the Autumn of 2020 forced the Government into imposing a second lockdown on the country and a return to the 'stay at home' conditions which had prevailed in the spring and early summer of last year. This second lockdown, which remained in place until April 2021, provided a supportive environment for many of our tech-enabled companies to continue to take market share from traditional operators. Importantly, the strong growth achieved by these companies is unlikely to be a one-off event; instead, we observe the ongoing digital revolution is bringing about structural changes in society which is likely to alter the economic landscape forever. Against this backdrop, we see enormous potential growth for tech-enabled companies in the years ahead.

We also continue to observe the trend for companies to stay private for longer. This means that a larger proportion of this growth will be achieved by private companies which are in no hurry to IPO. By investing in late-stage, pre-IPO companies, as well as listed companies, we believe that Chrysalis is uniquely well-placed to capture this growth opportunity for shareholders.

Activity in the period under review

Over the six months, we raised a further £300 million in March 2021, following a £95 million raise that was closed at the end of September 2020, but completed in October 2020, bringing total capital raised since launch to £770 million. This capital is required to provide follow-on financing, increasingly at scale, to our existing portfolio of holdings so that they can continue to capture the growth potential in their chosen markets. In addition, it will allow us to initiate new positions in exciting, tech-enabled companies, thereby continuing to diversify the portfolio, both by number of stocks, and across a wider range of economic sectors. We also established a Revolving Credit Facility for £32 million in March 2021 to provide working capital to the Company and some short-term, flexible financing. As of March 2021, £15 million of the facility had been drawn down.

In October, we completed our investment in You & Mr Jones, a US business headquartered in New York, thereby adding one of the leading companies in digital marketing, or 'Brandtech', to the portfolio.

This deal was the first by Chrysalis outside Europe and reflects our extensive interest in, and understanding of, this opportunity, partly due to our substantial shareholding via our open-ended fund range in listed peer, S4 Capital. You & Mr Jones employs 3,000 people across 40 countries and has made seven acquisitions and 20 strategic investments to build out its product offering. Clients include Unilever, Adidas, Microsoft, Danone, Reebok, Paypal and Google.

In March 2021, we added a further $10 million to our position in Graphcore as part of a larger funding round which took place in December 2020. This investment, together with our initial investment in December 2018, brings our total capital investment in the company to approximately $75 million over four fund-raising rounds. This ability and willingness to add to our initial investments is increasingly seen as attractive by many private companies, affording them the opportunity to continue to grow at supernormal rates via our provision of adequate financing in the late-stage, pre-IPO phase.

Investment Adviser's Report
(continued)

Markets and market developments

Equity markets performed well over the six months to 31st March 2021, continuing the recovery from the short-lived sell off in early 2020. The FTSE 100 rose 14.4%, buoyed by an effective vaccination programme and the prospect of a re-opening of the UK economy. The tech-heavy NASDAQ index also performed well, gaining 18.6% over the same period. We believe that markets will continue to look beyond COVID-19 and assess the impact of an economic recovery which has been fuelled by unprecedented levels of Government borrowing.

The private equity markets also continued to strengthen from the COVID-19 induced lows and we have seen a rising number of deals from advisers. During the period, we assessed 74 deals, some of which were introduced to us, and some of which we initiated ourselves through direct contact with the management teams and founders.

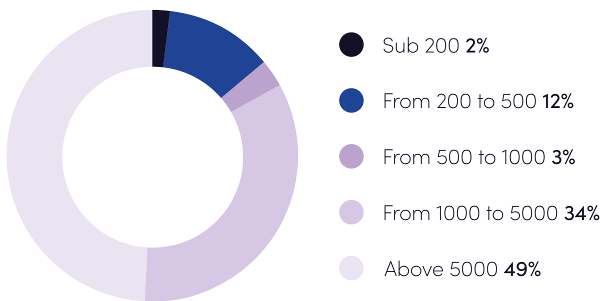
Portfolio

As at 31st March 2021, the Company had net assets of approximately £1.13 billion, with circa £889 million invested in a portfolio of investments and circa £305 million held in cash. The portfolio comprises 12 holdings – eleven of which are in private companies and one listed company, THG PLC.

Our aim is to invest in companies which display a number of characteristics which we call the "Chrysalis blueprint". Typically, each company should have a huge addressable market with structural tailwinds, be highly innovative and disruptive in nature and should have developed best-in-class technology enabling it to compete on price, service and convenience. Usually, they will be founder-led businesses. Companies should also have demonstrated proof of concept, have a clear roadmap to profitability, and the ability to achieve and sustain exceptional rates of growth.

The portfolio is comprised of late-stage, growth companies. By way of example, the portfolio includes 7 positions, representing approximately 83% of the investment portfolio value, which have market capitalisations of greater than $1billion and are therefore termed 'unicorns'. Starling was the latest company to join this group, having successfully completed a major funding round at a £1.3billion post new-money valuation in March 2021, following a year of exceptional growth over 2020 and a move into profitability.

Split of investment portfolio by market cap (£ million)



Source: Chrysalis Investments

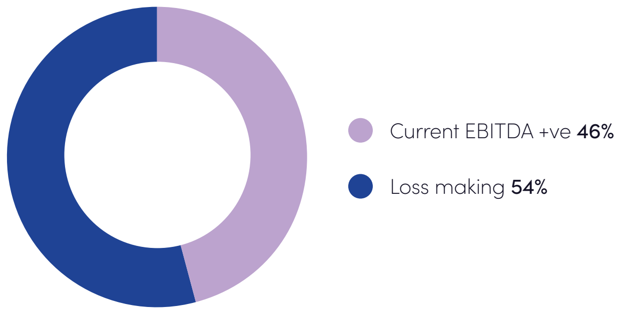
This investment focus on late-stage growth companies is an important feature of our proposition. It provides a level of comfort that the business models and strategies employed by the investee companies are sound; it provides assurance that the management teams are proven; and it gives confidence that the businesses are financially robust. Currently, approximately 47% of the investee companies are operating profitability. This is marginally down on the figure as of September 2020, broadly reflecting two counteracting elements. The first is the significant valuation uplift of Klarna, which is currently loss-making as it scales new markets, which reduced the ratio; the second is the shift into profitability by Starling Bank, which had a positive impact on the ratio.

Nearly all areas of society are seeing an impact from technology, and this is reflected in the wide range of sectors the Company has invested in, including areas that are only just beginning to see technological change, such as insurance. While the portfolio has a significant weighting to financials, in reality, the companies represented in this sector – such as Klarna, TransferWise (trading as Wise) and Embark – are all targeting different sub-sectors in a wide market; we do not view them as a homogenous grouping.

We want to continue to diversify into a wider range of sectors, albeit while retaining the focus on tech-enabled companies.

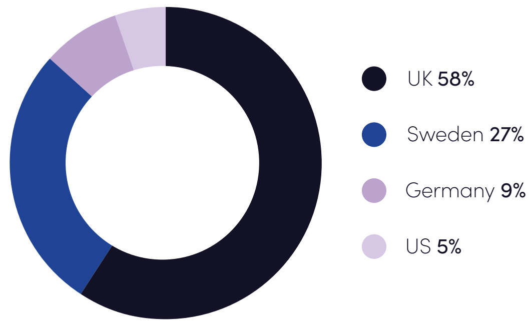
The portfolio is also becoming more international, as we begin to take advantage of our origination network's ability to source strong deal flow from other markets. Our expansion internationally is likely to continue, but at a measured pace, recognising that the UK still offers many attractive companies. While the domicile of our investee companies' headquarters points to a majority of the portfolio being UK based, on a revenue basis, the portfolio is much more international in nature.

Split of portfolio by EBITDA profitability

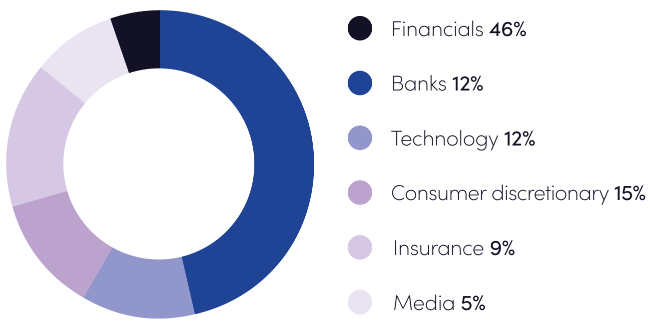


Source: Chrysalis Investments

Split of portfolio by HQ location

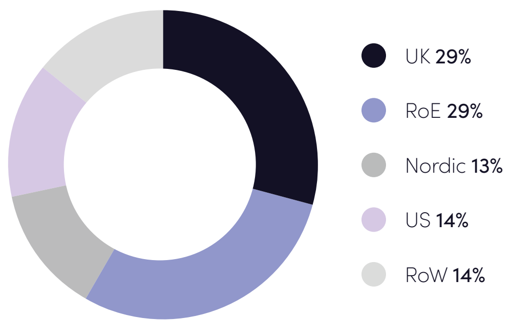


Split of portfolio by sector



Source: Chrysalis Investments

Split of portfolio by revenue origination



Sources: Investee companies and Chrysalis Investments

Investment Adviser's Report
(continued)

Our portfolio and commentary

£64.4m
Total Investment

£241.3m
Carrying Value

5th August 2019
Date of initial investment

Last Reported Financials
1Q 2021 trading update

klarna.com

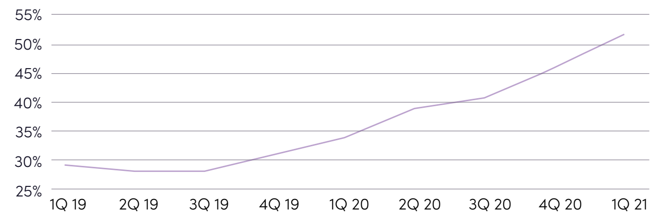
Klarna Holding AB

Online shopping is not always frictionless for consumers. Examples range from having to fill in multiple personal detail fields, particularly when using a new website, and also around returns. Having paid immediately, consumers can often wait several weeks for returned goods to be checked and the cost credited back to their account, leaving them out of pocket. This friction results in abandoned baskets and slower purchase velocity, which lowers retailers' revenues.

Founded in Stockholm in 2005, Klarna is a leading global payments provider that is revolutionising the online payment experience by removing friction from customers' website journeys and allowing them to control how they pay for goods. To that end, Klarna offers direct payment, payment after delivery options and instalment plans in a smooth one-click purchase experience that allows users across Europe and North America to phase their spending. Its technology also allows returned goods to be credited back to customers' accounts as soon as it is accepted by the logistics company.

Over recent years, Klarna has typically generated a 30%+ rate of sales growth per annum, but this accelerated over 2020 to reach $1.2 billion, partly due to the effect of COVID-19 accelerating the online shift, but also due to the increasing importance of the US market, where Klarna's more recent entry is delivering exceptional growth. The progression of gross merchandise volume, a key driver of revenue, is shown below.

Klarna – Gross Merchandise Volume growth (in SEK rolling 12 million year-on-year)



Source: Klarna and Chrysalis Investments estimates

Achieving market leadership in the US and UK is a key part of our investment thesis and we were particularly encouraged by growth in the US, which saw customers using the Klarna app more than double year-on-year to 17 million in April 2021, driving record GMV.

The attractiveness of this growth profile to investors was demonstrated by Klarna's successful $1 billion funding round in March 2021 at a valuation of $30 billion pre new money and subsequent $0.6bn funding round in June 2021 which valued the business at $45.6bn post new money. This most recent valuation is not reflected in the net asset value of the portfolio as at 31st March 2021.

This compares very favourably with the post new money valuation of $10.65 billion achieved over the summer of 2020, in which Chrysalis participated to its maximum allowable level.

Given the runway for growth and our confidence in Klarna's unit economics, we continue to be very excited about the potential of this position. Post period end, Klarna announced another substantial funding round, led by SoftBank, at a post new-money valuation of $45.6 billion.

Investment Adviser's Report
(continued)

£53.2m
Total Investment

£106.9m
Carrying Value

12th February 2019
Date of initial investment

Last Reported Financials
Limited financial information released in January 2021

starlingbank.com

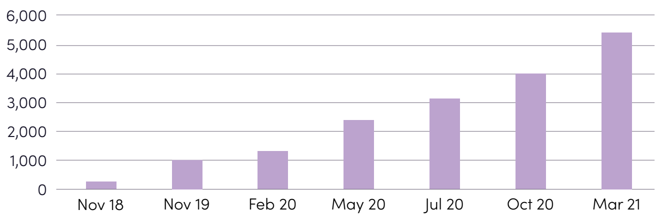
Starling Bank Limited

Banking has traditionally been dominated by the branch model, with technology added on an ad hoc basis. Branches add cost, particularly as consumers' demands shift more towards online access, which is an issue for banks facing ever growing regulatory and shareholder pressure. In addition, the application of technology a piecemeal fashion typically results in lower functionality, a poor customer experience, and an inability to scale the bank's architecture.

Founded by banking expert Anne Boden in 2014, Starling has built a cloud-native, mobile first, scalable platform that delivers a wide range of financial services to customers. Core products include bank accounts for both retail and SME customers, which allow users to bank via a mobile app, offering digital sign-up; instant notification of transactions; insights into spending habits; and 24/7 support. Starling has also been successful in providing its technology to other financial services businesses and users via its "Banking-as-a-Service" offering, which allows customers to access its state-of-the-art payments systems and infrastructure.

Starling ended its financial year to November 2019 with 926,000 retail accounts, 82,000 business accounts and just over £1 billion held on deposit. 2020 was a transformational year for the company with COVID-19 driving an accelerating take up by new customers, as many branch-based models struggled to cope with lockdown, which prompted a shift to online solutions.

Starling – Customer deposit growth £m



Source: Starling Bank

Starling saw rapid growth over 2020 and, by March 2021, the bank had opened more than 2 million accounts – of which 300,000 were business accounts – and had seen deposits balloon to £5.4 billion, reflecting over 250% Compound Annual Growth ("CAGR") since November 2019.

In addition, Starling generated approximately 400% revenue growth in the year to January 2021, as it began to lend to Small to Medium-sized Enterprises ("SMEs"), generating an annualised revenue run rate of c£145 million. Given operating costs remained broadly flat over the year – testimony to its platform efficiency – the bank turned profitable over 4Q 2020 and as of January 2021, was generating annualised operating profit of £18 million.

This performance culminated in a substantial funding round in March 2021, led by Fidelity, alongside the Qatar Investment Authority, RPMI Railpen and Goldman Sachs, which raised approximately £322 million in total and valued the bank at £1.3 billion post new-money.

Given the momentum in the business and the current on-going re-opening of the UK economy following lockdown, we are optimistic of further growth in the year ahead.

£44.0m
Total Investment

£102.9m
Carrying Value

7th November 2018
Date of initial investment

Last Reported Financials
Annual report to March 2021

wise.com

TransferWise Limited (trading as Wise)

Every year, more than $10 trillion is transferred internationally. However, traditional bank networks are local, making international money transfers slow, expensive and inconvenient. The cost of transfers to both individuals and businesses continues to be far too high across the industry and transactions are typically advertised with zero or low fees despite hidden charges in the exchange rate mark-up. As of March 2020, the World Bank estimated the global average total cost of remittance to be 6.8% of the transfer value.

Wise is a global technology company that was founded with the aim of reducing the fees associated with sending money across borders. With a simple money transfer platform and borderless accounts, Wise makes it quick and easy for individuals who travel, live and work internationally to manage their money. Businesses can also use Wise to pay suppliers or employees overseas, request payments from customers, and transfer funds between their own accounts in different countries.

Wise's pricing is always transparent, with the full cost of the transaction shown upfront. On average it costs 0.69% of the transfer value to move money across borders and for some established currency routes like GBP-EUR, the fee is less than 0.4%.

In the quarter to March 2021, Wise had 10 million customers, moving over £5 billion per month. Currently 38% of all transactions happen instantly (up from 34% in the prior quarter) with about 75% happening within an hour. Wise releases limited financial information, so the most recent results remain those for the year ended March 2020 when £67 billion in customer payments were processed by Wise – an uplift of c86% from the previous year – and it was the fourth consecutive year that the company has been profitable whilst continuing to scale rapidly. Revenues during the year increased approximately 70% to £302.6 million and EBITDA increased from approximately £18 million to approximately £42 million with the implied EBITDA margin increasing by about 3.7 percentage points to 14.0%. Over 100,000 new business customers were acquired in the financial year and total customer numbers increased from five million to seven million.

Despite Wise's strong valuation returns for us over recent years, we continue to be optimistic regarding the outlook for this position. With a small share in a massive market and a compelling offering, the outlook for ongoing growth looks favourable.

THG PLC

£39.6m
Total Investment

£88.2m
Carrying Value

E-commerce has been a feature of modern life for many years now, albeit it is still capturing a growing proportion of customers' wallets versus the offline equivalent. However, the complexities of integrating a full e-commerce proposition can be daunting, even for multinationals. Considerations include warehouse management; parcel sortation optimisation; global logistics capability; website creation, translation and near-customer hosting; returns capability; and data capture.

THG is an e-commerce business that operates a highly scalable, end-to-end proprietary technology platform (Ingenuity) powering the sale of both its own brands and third-party brands. Accessing Ingenuity provides a cost-effective solution for companies to begin distributing their products online. The firm has invested significantly in its infrastructure, technology platform and brands and is one of the world's largest online beauty and well-being businesses.

The key event last year was THG's IPO in September 2020. Since that time, its shares have performed well, rising from 500p at flotation, to close the period at 623.5p, having touched 800p in January. Operationally, the company has performed very strongly, executing on a number of pieces of M&A, including Perricone (for an apparently highly attractive multiple of one times sales); and Dermstore (a $350 million acquisition of the US number one pure-play online retailer of specialty beauty and skincare brands). We believe these acquisitions will drive substantial value generation for shareholders over the coming years.

The recent financial performance of the business has been impressive, with the quarter to March 2021 seeing 58% growth, compared with 42% over 2020 as a whole, with Ingenuity seeing exceptional growth of 188% over 1Q 2021.

On the ESG front, THG also launched THG Eco, which forms the backbone of THG's sustainability plans; the company recently achieved Carbon Neutral status.

17th December 2018
Date of initial investment

Last Reported Financials
1Q 2021 trading update

thg.com

FinanceAPP AG ("wefox")

£39.1m
Total Investment

£82.0m
Carrying Value

The vast majority of insurance policies across Europe are still sold via brokers. These brokers typically operate from a high-street store and do not enjoy the benefits of scale or technology. Customers are also often dissatisfied with their current insurance experience as customer service is poor and insurance products are not tailored to fit their particular needs.

wefox is looking to solve these problems by aggregating insurance brokers onto a digital platform and then enabling them to distribute fully digital and customised insurance products to their customers, resulting in market leading prices and service.

The company performed extremely well over the period. wefox hit €10 million of Gross Revenue in September 2020, the first €20 million revenue month in December 2020 and the first €30 million revenue month in January 2021. This extraordinary rate of growth has been driven by the company's ability to launch new digital insurance products and enter new territories throughout Europe such as Switzerland, Austria and Poland.

What sets wefox apart from many of its peers is its ability to combine high rates of growth with very profitable unit economics. The company has publicly stated that is expects to achieve revenues of €300 million in 2021 and be profitable at an operating level. This was a core part of our investment thesis, and we believe that this dynamic will eventually make wefox a very strong candidate to IPO.

5th December 2019
Date of initial investment

Last Reported Financials
Not available

wefox.com

£27.1m
Total Investment

£67.2m
Carrying Value

3rd July 2019
Date of initial investment

Last Reported Financials
Report & Accounts to December 2019

embarkgroup.co.uk

Embark Group Limited

In recent years, the Wrap Platform Market has continued to invest in technology while the traditional Self-Invested Personal Pension ("SIPP") and Small Self Administrated Schemes ("SSAS") players have relied on product knowledge. Embark was formed to combine the technology strengths of the Wrap Platforms with the extensive pensions expertise of the typical SIPP and SSAS providers in order to deliver specialist and tech-enabled solutions to both retail and corporate customers.

Embark is a full-scale retirement solutions provider, with platform, investment wrap, e-SIPP, SIPP, SSAS, fund research and employee benefits consulting capabilities. The Group trades under the subsidiary brands Embark, Vested, Rowanmoor, EBS, The Adviser Centre, DISCUS and Hornbuckle.

It also operates a wide portfolio of white-label technology solutions for businesses such as RBS Coutts, Standard Life, Nutmeg, BestInvest, Charles Stanley, Moneyfarm and Wealthsimple.

Embark is one of the fastest growing digital retirement and savings businesses in the UK market. The Group is experiencing strong demand for its digital services and the capital it has previously raised will enable it to take full advantage of its disruptive position in the UK savings sector, through continued technological innovation and selective expansion opportunities. Since our initial investment, Embark has completed two material transactions which significantly enhanced its market position. The company acquired the advised and partnership client books of Alliance Trust Savings ("ATS") in October 2019 and then completed its acquisition of Zurich's Investment and Retail Platform through April 2020.

A significant milestone was achieved during the current financial period with the migration of over £7 billion of advised assets onto the Embark platform from the client books of ATS. The migration of assets is a complex process that carries inherent risk, but the company successfully delivered on its migration plans set out at the time of acquisition.

Successfully migrating these assets eliminates significant operational and regulatory risk from the business and will lead to material cost savings and enhanced profitability over the course of 2021.

£57.6m
Total Investment

£64.8m
Carrying Value

17th December 2018
Date of initial investment

Last Reported Financials
Report & Accounts to December 2019

graphcore.ai

Graphcore Limited

The application of machine learning ("ML") and artificial intelligence ("AI") continues to gain traction across society, from seemingly mundane tasks like directing call centre chat bots, to understanding voice commands and autonomous driving. Work we commissioned in late 2019 predicted the ML/AI chip market would grow to nearly $9 billion by 2023, from approximately $2.6 billion in 2019, illustrating the market's substantial growth potential.

ML/AI programmes have traditionally been run on graphics processing units ("GPUs") being the best architecture available to accelerate the huge workloads these models require. However, GPUs require algorithms to be optimised to suit their modus operandi to gain maximum efficiency. This means data scientists can be restricted in their model choice: the model is chosen to fit the hardware, rather than the problem it is trying to address.

Graphcore is a leading machine intelligence semiconductor business, which has developed the Intelligence Processing Unit ("IPU"). The IPU is completely different from today's Central Processing Unit ("CPU") and GPU processors. It is a highly flexible, easy to use, parallel processor that has been designed from the ground up to deliver state of the art performance on today's machine intelligence models for both training and inference. The IPU has been designed to allow new and emerging machine intelligence workloads to be realised. As well as designing one of the world's most sophisticated silicon processor, Graphcore has also built the world's very first graph tool chain specifically designed for machine intelligence – the Poplar software stack.

Graphcore achieved a significant milestone last year when it introduced its second-generation IPU platform ("MK2") in July 2020. This has greater processing power, more memory, and built-in scalability for handling extremely large MI workloads. The initial performance benchmarks that Graphcore publicly released were impressive and demonstrated state of the art performance and accuracy across several complex AI models such as BERT and ResNeXt. The company remains focused on building out its commercial opportunities based on this new technology.

To that end, Graphcore secured an additional $222 million of primary capital in December 2020 as part of a Series E funding round. This funding round was completed at a pre-money valuation of $2.5 billion and saw participation from new and existing investors. The business is now extremely well capitalised, with cash of $440 million, which will support its continuing, major R&D investment and global expansion.

Customer engagement is growing rapidly across a range of corporations, organisations and research institutions, with users of Graphcore systems including Microsoft, Oxford Nanopore, Citadel and Qwant. The past twelve months have been transformational for Graphcore as the business has transitioned from development to prepare for volume production. Demand for IPU products is increasing among new and existing customers, and we look forward with optimism.

Investment Adviser's Report
(continued)

£46.4m
Total Investment

£48.0m
Carrying Value

6th October 2020
Date of initial investment

Last Reported Financials
Not available

youandmrjones.com

You & Mr Jones Inc.

Along with other industries, the world of marketing is adjusting to the impact of technology on its consumers. In particular, the rise of the mobile phone has meant digital marketing now accounts for nearly half of the $640 billion total annual media spend.

While marketeers have perfected the television marketing playbook, the digital marketing toolkit is still relatively immature. Consumers create their own content and discuss brands online, requiring companies to have a much more responsive marketing product. In addition to this speed, they need to create, curate, and disseminate product across multiple platforms and deal with the resulting huge quantities of data. All of this causes efficiency problems.

You & Mr Jones is at the forefront of digital marketing or "Brandtech". Its offering is based around the OMG technology platform, which allows marketers to plan, create and distribute digital campaigns seamlessly. This operating system offers a significant productivity boost to clients and has enabled some to make material cost savings. The company is headquartered in New York (US), employs approximately 3,000 people across 40 countries and has made seven acquisitions and 20 strategic investments to date to build out its product offering. Clients include Unilever, Adidas, Microsoft, Danone, Diageo, Reebok, Reckitt Benckiser, PayPal and Google.

You & Mr Jones is a recent addition to our portfolio; our investment was made at the end of September 2020. The last public data released by the company was for 3Q 2020, when net revenue organic growth for the nine months to September 2020 was 27% year-on-year.

You & Mr Jones has a close comparator in the listed market – S4 Capital – which is exposed to the same growth drivers. As of 1Q 2021, S4 Capital reported organic gross profit (net revenue) growth of 33% year-on-year, which compares favourably to 19.4% growth reported over 2020.

With a compelling offering in a market ripe for disruption, we are very excited about the prospects for You & Mr Jones.

£24.4m
Total Investment

£39.8m
Carrying Value

13th May 2019
Date of initial investment

Last Reported Financials
Annual Report & Accounts to December 2019

featurespace.com

Featurespace Limited

Fraud is an occupational hazard for banks and other financial institutions. In areas such as card fraud, models are deployed that look for suspicious activity and block it before illegal transactions can occur. Fraudulent behaviour can change very quickly, particularly in an online world, and rules-based models are non-adaptive. This means that the rulebook goes out of date rapidly, resulting in rising fraud unless more rules are written. If the rules are too tight, then the financial institution receives too many false positives, resulting in lost revenue through lower lending or transaction volumes. Typically, this also increases the number of in-bound calls to customer service agents in the form of complaints, requiring higher levels of staffing. If too many rules are written, the rulebook becomes unwieldy and time consuming to manage.

Featurespace has invented Adaptive Behavioural Analytics and created the ARIC Risk Hub, which utilises real-time machine learning software to risk-score events in more than 180 countries to prevent fraud and financial crime. By analysing anomalies in individuals' transactions, ARIC Risk Hub can automatically identify emerging fraud attacks and suspicious activity in real-time, without requiring constant retraining. Over 30 major global financial institutions use ARIC Risk Hub to protect their businesses and customers, including four of the five largest banks in the UK.

Featurespace responded extremely well to lock-down and its risk models adapted automatically to the pandemic related shift in spending patterns – most notably a move from "card present" transactions to "card not present" – as publicly endorsed by their largest customer. One of the company's revenue streams is transaction based, and this did see a temporary drop off over the initial parts of lockdown. However, this has recovered meaningfully since, and the new business pipeline looks exceptionally robust. The company has also enjoyed significant industry recognition, winning The Queen's Award for Enterprise and seeing NatWest recognized at The Card and Payments Awards for "Best Security and Anti-Fraud Development" following its enterprise-wide deployment of Featurespace's solutions.

This, combined with on-going innovations such as the February 2021 launch of Automated Deep Behavioral Networks that uses deep learning to provide enhanced defence against card fraud, gives us confidence of further progress in the year ahead.

Investment Adviser's Report
(continued)

£21.5m
Total Investment

£28.5m
Carrying Value

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 travellers 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 rolling lockdowns of the last 15 months have created a tough backdrop for an online travel business, and we supported the company with additional capital over 2020 to allow it to continue to invest in the offering and bolster its balance sheet in time of stress.

Early signs from the wider travel market appear to indicate a substantial backlog of demand for holiday travel, and, while recent trading has been correlated with local lockdown laws, we are optimistic that the company will recover strongly as the travel market reopens.

7th November 2018
Date of initial investment

Last Reported Financials
Annual Report & Accounts to December 2019

secretescapes.com

£15.0m
Total Investment

£18.1m
Carrying Value

Sorted Holdings Limited

Integration with a logistics carrier and its services is one of the most complex and difficult connections for an e-commerce site to develop, especially on a global basis. Providing an easy-to-use API connection requires specialist knowledge to build and continual maintenance. This can be time consuming and expensive. Retail is also becoming increasingly global and building APIs to carriers worldwide and managing different commercial terms and pricing models is an increasingly complex problem.

Sorted is a Manchester-based, global Software as a Service (SaaS) company that has developed a delivery management platform that allows retailers (both digital and physical) to effectively manage their delivery and returns proposition. This enables retailers to increase conversion rates, reduce abandoned baskets, and maintain customer loyalty.

Throughout 2020, retailers increasingly relied on their digital capabilities and this has led to increased focus and investment on their online propositions. Sorted has benefitted from this trend and the company has won a number of enterprise clients that will go live over the course of 2021. Shipment volumes continue to grow rapidly and, in January 2021 alone, Sorted saw a 243% increase in volume through its SaaS platform in comparison to the same period in 2020.

15th August 2019
Date of initial investment

Last Reported Financials
Exempt from publishing accounts

sorted.com

Investment Adviser's Report
(continued)

£12.6m
Total Investment

£1.3m
Carrying Value

24th January 2019
Date of initial investment

Last Reported Financials
Small companies' exemption

growthstreet.co.uk

GROWTH STREET

Growth Street

Growth Street was set up to provide innovative and flexible revolving credit lines to SMEs. As previously reported, two large loans defaulted early in the 2020 financial year. In combination with changes to the peer-to-peer funding market and accentuated by the pandemic, a decision was taken in 2020 to wind down the company. The Investment Adviser worked with other shareholders to support the business through this difficult time and, in later 2020, a decision was taken to accelerate returns to investors that funded the Growth Street platform, such that they received full recoveries. While this decision modestly increased the risk of a lower wind-down value for Chrysalis Investments, the Investment Adviser believed ensuring no losses for retail customers was the responsible course of action.

In April 2021, Growth Street concluded its solvent wind down and commenced its liquidation process.

Given it was relatively early stage at the time of investment, compared with other portfolio companies, Growth Street was a small position in the portfolio. It is currently held at a nominal amount, reflecting a reasonable estimation of its wind-down value.

Environmental, Social & Governance ('ESG')

The board has established an ESG policy for the Company in respect of its investments which focuses on four key areas:

- Corporate governance – which considers the quality of the management team, succession, shareholder alignment and incentivisation.
- Human Capital – given the competitive and evolving nature of tech-enabled companies, consideration is given to how businesses attract, remunerate and retain talented individuals. The focus extends to training, diversity and inclusion.
- Cyber and data security – assessing policies on data security and the use of customer information.
- Business ethics – assessing sales practices, regulatory affairs and supply chains.

This policy is applied when considering new positions as part of due diligence work and the Investment Adviser also engages on an ongoing basis with management teams of the portfolio holdings to ensure that it understands each respective company's own ESG policies, goals and reporting.

The Chrysalis approach is to be an active and engaged shareholder, challenging and supporting management teams in developing their business, while remaining considerate of the opportunities and risks that ESG factors might prevail upon them. While the Company's fundamental ability to set the ESG agenda is only based upon its percentage ownership of an investee company – which can vary significantly across the portfolio – the Investment Adviser typically finds that by adopting this approach it can influence the agenda for each of the Board of Directors.

Pipeline and Outlook

As at 31st March 2021, the Company has approximately £305 million of cash to invest. As part of the equity raise in early 2021, we detailed a pipeline of new investment opportunities representing in excess of £1 billion and the potential to make follow on investments of up to £250 million. As a team, we are focused on investing this capital as well as supporting growth of the existing portfolio and harvesting returns from earlier investments.

We continue to work hard to generate proprietary deal flow, as we believe this is the best way to access the best deals on the most attractive terms. Our larger scale and growing reputation enable us to engage with founders of outstanding businesses in the UK and, increasingly, in Europe and the US.

Over the first part of the calendar year, concerns about a rise in the yield of the 10 year US Treasury prompted some volatility in the valuations of technology stocks, particularly where valuations are elevated and unsupported by positive cash flows. As the world begins to emerge from the enforced lockdowns of the last fifteen months, it is likely that economic activity will bounce back in the short term, perhaps keeping yields higher for a period of time, which may lead to further uncertainty and volatility in tech valuations.

Our approach to investing is to find companies whose growth rates are so compelling, whose addressable markets are so vast, and whose technological edges are so profound, that we believe they will continue to appreciate in value regardless of higher discount rates. We continue to see a strong pipeline of companies that meet these criteria and as of mid-June are currently in later-stage due diligence on two new potential investments, and have line-of-sight on a follow-on opportunity, having recently participated in wefox's funding round, where we committed €30 million to the process.

When we launched Chrysalis it was based on a hypothesis of a "blurring of the lines" between private and public investing. The last few years have convinced us this was a correct supposition. Late-stage investing in Europe has grown rapidly since our IPO and our proposition of crossover has resonated very strongly with entrepreneurs. As Chrysalis has managed to grow into a meaningfully sized vehicle, this scale is enhancing our proposition's credentials and we are seeing roughly twice as many deals via our origination channel as this time last year.

This market growth, combined with our early-mover advantage, differentiated proposition and now scale means we believe that Chrysalis has only begun to scratch the surface of its potential. We look forward to the rest of the year with optimism.

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). Further, 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. Further, 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 fund 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 investment'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

Board Members

The Board comprises five independent non-executive Directors who meet at least quarterly, 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. All Directors are considered independent of the Investment Adviser for the purposes of the AIC Code and Listing Rule 15.2.12A.

The Board is responsible for the Company's long term sustainability success and the generation of value for shareholders. In doing so, the Board oversees 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. Additionally, the Board has overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio. The Board is 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 and Nomination Committee.

The current Board has served since the Company's inception in October 2018 and has been carefully selected against a set of objective criteria. The Board considers that the combination of its members brings a wealth of skills, experience and knowledge to the Company, as illustrated in their biographies below. As part of the on-going review of Board composition, skills analysis and succession planning, an independent consultant has been engaged and is currently working to source a sixth non-executive director:

Director Biographies

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 $1bn.

Andrew holds several Guernsey and UK board positions.

Stephen Coe
Senior Independent

Stephen serves as Chairman of the Audit Committee. He is currently a Director and Chairman of the Audit Committee of Weiss Korean Opportunities Fund Limited, and 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 Holden (British, Guernsey Resident) is a Chartered Director (CDir) and Fellow of the Institute of Directors and adds extensive private equity investing and corporate operations experience to the Company's board. Previously an investment director at Terra Firma Capital Partners, Candover Investments prior to that, Simon has been an active independent director to listed investment trusts, private equity funds and trading company boards since 2015. In addition, Simon acts as the pro-bono Business Adviser to the States of Guernsey's Trading Assets that operate all of the Bailiwick's critical airports, harbours and maritime fuel supply infrastructure.

Simon graduated from the University of Cambridge with an MEng and MA (Cantab) in Manufacturing Engineering. He is a member of the Association of Investment Companies ('AIC'), Institute of Directors ('IoD'), Guernsey Investment Funds Association ('GIFA') and several other financial services and intellectual property 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 is a Chartered Fellow of the Securities Institute and a Fellow of ICSA. Anne 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.

Interim Management Report

For the 6 month period ended 31 March 2021

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, which helps position the Company to ensure compliance with the Association of Investment Companies Code of Corporate Governance (the "AIC Code").

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 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; 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 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.

Emerging risks

Whilst vaccination programmes are being rolled out and, at the interim period end, the outlook for the economy is improving, COVID-19 remains an on-going 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 Adviser's compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk and financial controls. At 31 March 2021, the Company had cash and cash equivalents of £304,966,000 and current liabilities of £66,588,000. Therefore, the Company is able to settle its debts and continue its business with no interruptions.

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 Adviser 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 the portfolio investments on a quarterly basis and receive monthly data in some instances which enables them to track the development of the Investment Adviser'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.

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 potential impact of COVID-19 virus 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 Unaudited Condensed Interim Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Unaudited Condensed Interim Financial Statements.

At period end, the Company has a current cash position of £304,966,000 and current liabilities amounting to £66,588,000. Therefore, the Company has sufficient liquidity to meet its obligations. For this reason, the Directors continue to adopt the going concern basis in preparing the Interim Report and Unaudited Condensed Interim Financial Statements.

Important events and financial performance

Highlights from financial year to date are as follows;

Highlights	Ordinary Shares 31 March 2021
Net Asset Value per share	206.15p
Share Price	195.50p
% of capital deployed	77%

The table below provides quarterly performance information:

Date	NAV per share	% change in price
30.09.20	160.97	17.3% increase on 30.06.2020 NAV
31.12.20	180.75	12.3%
31.03.21	206.15	14.1%

The net profit for the period amounted to £197,355,000.

Further details of the Company's performance for the period are included in the Investment Adviser's Report on pages 5 to 21, which includes a review of investment activity and adherence to investment restrictions.

Discount

As at 31 March 2021, the share price was trading at a premium to the last published NAV per share at that point.

Related party transactions

Details of related party transactions are given in note 13 to the Unaudited Condensed Interim Financial Statements.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- the interim management report (which includes the Chairman's Statement, Interim Management Report and the Investment Adviser's Report) includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal or emerging risks and uncertainties for the remaining six months of the financial year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or the performance of the entity during that period and any changes in the related party transactions described in the last annual report that could do so.

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

Stephen Coe
Director
29 June 2021

Independent Review Report

Independent Review Report

Conclusion

We have been engaged by Chrysalis Investments Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 of the Company which comprises the unaudited condensed statement of comprehensive income, the unaudited condensed statement of financial position, the unaudited condensed statement of changes in equity, the unaudited condensed statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Barry Ryan
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey

29 June 2021

Unaudited Condensed Interim Financial Statements

Unaudited Condensed Statement of Comprehensive Income

For the 6 month period ended 31 March 2021

		Period from 1 October 2020 to 31 March 2021 (unaudited)			Period from 1 October 2019 to 31 March 2021 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investments							
Net gains / (losses) on investments held at fair value through profit or loss	9	–	249,691	249,691	–	(14,007)	(14,007)
Gains / (Losses) on currency movements		–	216	216	–	(147)	(147)
Net investment gains / (losses)		**–**	**249,907**	**249,907**	**–**	**(14,154)**	**(14,154)**
Interest income		508	–	508	127	258	385
Total income		**508**	**–**	**508**	**127**	**258**	**385**
Investment management fees	5	(1,820)	(49,339)	(51,159)	(950)	–	(950)
Other expenses	6	(1,856)	–	(1,856)	(1,039)	–	(1,039)
(Losses) / gains before finance costs and taxation		**(3,168)**	**200,568**	**197,400**	**(1,862)**	**(13,896)**	**(15,758)**
Finance costs		(45)	–	(45)	–	–	–
(Losses) / gains before taxation		**(3,213)**	**200,568**	**197,355**	**(1,862)**	**(13,896)**	**(15,758)**
Withholding tax expense		–	–	–	–	–	–
Total (losses) / gains and comprehensive income for the period		**(3,213)**	**200,568**	**197,355**	**(1,862)**	**(13,896)**	**(15,758)**
(Losses) / gains per Ordinary Share (pence)	7	(0.81)	50.32	49.51	(0.55)	(4.13)	(4.68)

The total column of this statement represents the Statement of Comprehensive Income of the Company prepared under IAS 34.

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 36 to 50 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Financial Position

As at 31 March 2021

	Notes	31 March 2021 (unaudited) £'000	30 September 2020 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	9	**889,008**	**606,287**
Current assets			
Cash and cash equivalents		304,966	15,559
Other receivables		824	267
		305,790	**15,826**
Total assets		**1,194,798**	**622,113**
Current liabilities			
Performance fee payable	5	(49,339)	(32,710)
Management fee payable		(1,820)	(631)
Unsettled trades		–	(46,440)
Other payables		(429)	(289)
Loan payable		(15,000)	–
Total liabilities		**(66,588)**	**(80,070)**
Net assets		**1,128,210**	**542,043**
Equity			
Share Capital	10	759,179	370,367
Capital reserve		377,378	176,810
Revenue reserve		(8,347)	(5,134)
Total equity		**1,128,210**	**542,043**
Net Asset Value per Ordinary Share (pence)	11	206.15	160.97
Number of Ordinary Shares in issue	10	547,273,076	336,742,424

Approved by the Board of Directors and authorised for issue on 29 June 2021 and signed on their behalf:

Stephen Coe
Director

The notes on pages 36 to 50 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Changes in Equity

For the 6 month period ended 31 March 2021

	Share Capital 2021	Revenue Reserve 2021	Capital Reserve 2021	Total 2021
	£'000	£'000	£'000	£'000
For the period 1 October 2020 to 31 March 2021 (unaudited)				
At 1 October 2020	370,367	(5,134)	176,810	542,043
Share issue	395,000	–	–	395,000
Share issue costs	(6,188)	–	–	(6,188)
Total gains / (losses) and comprehensive income for the period	–	(3,213)	200,568	197,355
At 31 March 2021	**759,179**	**(8,347)**	**377,378**	**1,128,210**

For the period 1 October 2019 to 31 March 2020 (unaudited)				
At 1 October 2019	370,366	(1,440)	12,704	381,630
Total losses and comprehensive income for the period	–	(1,862)	(13,896)	(15,758)
Expenses of share issue	1	–	–	1
At 31 March 2020	**370,367**	**(3,302)**	**(1,192)**	**365,873**

The notes on pages 36 to 50 form an integral part of these Unaudited Condensed Interim Financial Statements.

Unaudited Condensed Statement of Cash Flows

For the 6 month period ended 31 March 2021

	Notes	Period from 1 October 2020 to 31 March 2021 (unaudited) £'000	Period from 1 October 2019 to 31 March 2020 (unaudited) £'000
Cash flows from operating activities			
Interest paid		(45)	–
Other expense payments	12	(82,054)	(1,980)
Interest income		508	385
Purchases of investments	9	(45,058)	(130,129)
Sale of investments	9	12,028	–
Net cash outflow from operating activities		**(114,621)**	**(131,724)**
Cash flows from financing activities			
Issue of Ordinary Shares	10	395,000	–
Expenses of Ordinary Share issuance	10	(6,188)	–
Acquisition of loan payable		15,000	–
Net cash inflow from financing activities		**403,812**	**–**
Net (decrease) / increase in cash and cash equivalents		**289,191**	**(131,724)**
Cash and cash equivalents at beginning of period		15,559	212,665
Effect of foreign exchange		216	(147)
Cash and cash equivalents at end of period		**304,966**	**80,794**
Cash and cash equivalents comprise of the following:			
– Cash at bank		304,966	20,802
– Cash equivalents – UK treasury bills		–	59,992
		304,966	**80,794**

The notes on pages 36 to 50 form an integral part of these Unaudited Condensed Interim Financial Statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 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 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. The Unaudited Condensed Interim Financial Statements of the Company are presented for the 6 month period ended 31 March 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 and its Alternative Investment Fund Manager received investment advice from Jupiter Investment Management Limited ("JIML") during the 6 month period ended 31 March 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 Unaudited Condensed Interim Financial Statements have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and applicable Guernsey law. These Unaudited Condensed Interim Financial Statements do not comprise statutory Financial Statements within the meaning of the Companies (Guernsey) Law, 2008, they do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at 30 September 2020, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU. The accounting policies adopted in these Unaudited Condensed Interim Financial Statements are consistent with those of the previous financial period and the corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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 Unaudited Condensed Interim 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 Unaudited Condensed Interim 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 potential impact of COVID-19 virus 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 Unaudited Condensed Interim Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Unaudited Condensed Interim Financial Statements.

At period end, the Company has a current cash position of £304,966,000 and current liabilities amounting to £66,588,000. Therefore, the Company has sufficient liquidity to meet its obligations. For this reason, the Directors continue to adopt the going concern basis in preparing the Interim Report and Unaudited Condensed Interim Financial Statements.

(c) 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 as adopted by the European Union). Therefore, no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Unaudited Condensed Interim Financial Statements.

(d) 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 period. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200.

3. Use of Estimates and Critical Judgements

The preparation of Unaudited Condensed Interim 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 Unaudited Condensed Interim Financial Statements and the reported amounts of income and expenses during the period. 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 period, except for the use of estimates in the valuation of the unquoted investments detailed in note 13.

4. New and Revised Standards

The following accounting standards and their amendments were in issue at the period end but will not be in effect until after this financial period end. The Directors have considered their impact and have concluded that they will not have a significant impact on the Unaudited Condensed Interim 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. Investment Management Fees

	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
	£'000	£'000
Investment management fee	1,820	950
Investment Adviser's performance fee – charged to capital	49,339	–
Total investment management fees	**51,159**	**950**

Under the terms of the portfolio management agreement, Jupiter Investment Management Limited ("JIML") is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred in the performance of its duties. JIML is a subsidiary of Jupiter.

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 JIML 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 31 March 2021, an amount of £1,820,000 (30 September 2020: £631,000) was outstanding and due to JIML in respect of management fees.

[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.

5. Investment Management Fees (continued)

Performance Fee

JIML 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;

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 redemptions 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.

Under the terms of the portfolio management agreement, any accrued and unpaid performance fees will crystallise and become payable to JIML 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 31 March 2021, the Company had exceeded the High Water Mark and Performance Hurdle and an accrual of £49,338,637 (2020: £nil) for performance fees has been reflected within these Unaudited Condensed Interim Financial Statements.

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

6. Other Expenses

	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
	£'000	£'000
Directors' fees	218	104
Directors' expenses	–	1
Administration fee	95	57
Arrangement fees	160	–
AIFM fee	96	64
Auditor's remuneration for:		
- audit fees	68	35
- non-audit fees	107	35
Secretarial fees	18	18
Printing fees	34	27
Registrars' fees	21	11
Listing fees	127	5
FCA fees	8	3
Legal fee and professional fees:		
- ongoing operations	742	29
- purchases	53	579
Depositary fees	32	15
Directors' liability insurance	24	15
Sundry	53	41
	1,856	**1,039**

7. Gains / (losses) per Ordinary Share

	31 March 2021		31 March 2020	
	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return	(3,213)	(0.81)	(1,862)	(0.55)
Capital return	200,568	50.32	(13,896)	(4.13)
At 31 March	**197,355**	**49.51**	**(15,758)**	**(4.68)**
Weighted average number of Ordinary Shares		398,561,496		336,742,424

8. Dividends

The Board has not declared an interim dividend.

9. Investments Held at Fair Value through Profit or Loss

	31 March 2021	30 September 2020
	£'000	£'000
Opening book cost	404,480	157,591
Opening investment holding gains	201,807	12,449
Opening valuation	**606,287**	**170,040**
Movements in the period / year:		
Purchases at cost	45,058	258,453
Sales – proceeds	(12,028)	(19,632)
Net gains on investments held at fair value through profit or loss	249,691	197,426
Closing valuation	**889,008**	**606,287**

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

9. Investments Held at Fair Value through Profit or Loss (continued)

	31 March 2021	30 September 2020
	£'000	£'000
Closing book cost	445,028	404,480
Closing investment holding gains	443,980	201,807
Closing valuation	**889,008**	**606,287**
Movement in unrealised gains during the period / year	237,652	197,199
Movement in unrealised losses during the period / year	4,521	(7,841)
Realised gain on sale of investments	7,518	8,068
	249,691	**197,426**

10. Share Capital

	No of shares	£'000
Opening balance for the year	336,742,424	370,367
Issue of shares	210,530,652	395,000
Issue costs	–	(6,188)
At 31 March 2021	**547,273,076**	**759,179**
Opening balance for the year	336,742,424	370,366
Issue costs	–	1
At 30 September 2020	**336,742,424**	**370,367**

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.

The Company was incorporated on 3 September 2018 with an issued share capital of £1 represented by 1 Management Share with a nominal value of £1. The Management Share was redeemed immediately following admission of the Ordinary Shares on 6 November 2018.

11. Net Asset Value per Ordinary Share

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

	31 March 2021		31 September 2020	
	NAV per share pence	NAV attributable £'000	NAV per share pence	NAV attributable £'000
Ordinary Shares: basic and diluted	206.15	1,128,210	160.97	542,043

The Net Asset Value per Ordinary Share is based on 547,273,076 Ordinary Shares, being the number of Ordinary Shares in issue at the period end.

12. Other expenses payments

	31 March 2021	30 September 2020
	£'000	£'000
Total gains / (losses) and comprehensive income for the period	197,355	(15,758)
Net (gains) / losses on investments held at fair value through profit or loss	(249,691)	14,007
Interest income	(508)	(385)
Finance costs	45	–
Forex (gains) / losses	(216)	147
Movement in working capital		
Increase in other receivables	(557)	(55)
(Decrease) / increase in payables	(28,482)	64
At 31 March 2021	**(82,054)**	**(1,980)**

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

13. 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.

The unaudited condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's Audited Financial Statements as at 30 September 2020.

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 31 March 2021

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	88,152	–	–	88,152
Unquoted equity / Convertible debt	–	–	800,856	800,856
	88,152	**–**	**800,856**	**889,008**

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**

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 31 March 2021 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
64,776	Comparable company performance	Selection of comparable companies	-10.88%	10%	If input comparable company performance changed by +/- 10%, the value of the companies in this group would change by +/- 3,425,253
179,461	Market approach using comparable traded multiples	EV/LTM revenue multiple	4.88-11.14x	10%	If EV/LTM multiples changed by +/- 10%, the value of the companies in this group would change by +/- 14,389,407
401,159	Recent transaction price	N/A	N/A	N/A	N/A
1,333	Wind Down	N/A	N/A	N/A	N/A
5,000	Black Scholes Pricing Model	N/A	N/A	N/A	N/A
149,127	Indicative offer	N/A	N/A	N/A	N/A

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

13. 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 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	1.8-13.5x	10%	If EV/LTM multiples changed by +/- 10%, the fair value would change by +/- 9,548,694
		EV/EBITDA Multiple	13.8-15.4x	10%	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. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments If third party information, such as pricing services, is used to measure fair vales, then the valuation team 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.

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

	March 2021	**September 2020**	**March 2021**	**September 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	–	64,306	–	(64,306)
Purchases	–	14,442	45,058	244,011
Sales	(12,027)	–	–	(19,632)
Total gains included in net gains on investments in the statement of comprehensive income				
- on assets sold	7,517	–	–	8,068
- on assets held at year/period end	(1,551)	15,465	243,724	173,893
	88,152	**94,213**	**800,856**	**512,074**

The change in unrealized gains or losses (net gain) for the period included in the Unaudited Condensed Statement of Comprehensive Income relating to those Level 3 assets held at the reporting date amount to £243,724,133 (30 September 2020: £140,163,879).

The transfer in prior year of £64,306,000 relates to THG PLC, which transferred from being a level 3 asset to a level 1 asset as a result of its listing in September 2020.

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

There have been no significant changes in the management of risk or in any risk management policies since the last Statement of Financial Position date.

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

14. Related Parties

JIML continues to be the Investment Adviser to the Company. The relationship is governed by an agreement dated 11 October 2018.

	1 October 2020 to 31 March 2021	1 October 2019 to 30 September 2020	1 October 2019 to 31 March 2020
	£'000	£'000	£'000
Management fee charged by JIML:			
Total management fee charged	1,820	2,084	950
Management fee outstanding	(1,820)	631	950
Performance fee charged by JIML:			
Total performance fee charged	49,339	32,608	–
Performance fee outstanding	(49,339)	32,710	103
Directors' fees			
Total Directors' fees charged	218	208	104
Directors' fees outstanding	–	–	–

As at 31 March 2021 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares issue as at 31 March 2021
Director		
Andrew Haining	54,000	0.0099
Stephen Coe	50,909	0.0093
Simon Holden	72,500	0.0132
Anne Ewing	32,500	0.0059
Tim Cruttenden	14,968	0.0027

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

	Number of Ordinary Shares	% Ordinary Shares 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

The following JIML's sub-funds hold an investment in the Company. The Board is notified at the quarterly board meetings about any transaction in relation to the sub-funds by JIML's risk and compliance report. JIML is a subsidiary of Jupiter.

	Total holdings at 30 September 2020	Shares purchased during the period	Shares sold during the period	Total holdings 31 March 2021	Value of holdings 31 March 2021 £'000
Related party					
Jupiter UK Smaller Companies Focus Fund	5,520,882	2,637,000	(1,590,596)	6,567,286	12,839
Jupiter UK Specialist Equity Fund	8,122,820	364,317	(364,317)	8,122,820	15,880
Jupiter UK Mid-Cap Fund	51,451,305	26,141,070	–	77,592,375	151,693
Jupiter UK Smaller Companies Fund	14,601,552	3,219,000	–	17,820,552	34,839
Total	**79,696,559**	**32,361,387**	**(1,954,913)**	**110,103,033**	**215,251**

Notes to the Unaudited Condensed Interim Financial Statements

For the 6 month period ended 31 March 2021

(continued)

14. Related Parties (continued)

	Total holdings at 30 September 2019	Shares purchased during the period	Shares sold during the period	Total holdings 30 September 2020	Value of holdings 31 September 2020 £'000
Related party					
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)	8,122,820	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)**	**79,696,559**	**115,545**

15. Post Balance Sheet Events

Post period end, the existing AIFM was replaced with Jupiter Unit Trust Managers Limited with effect from 1 May 2021.

On 1 June, the Company announced a €30 million follow-on in FinanceApp AG (wefox) as part of its €650 million Series C funding round that gave wefox a post new-money valuation of $3 billion.

On 10 June, Klarna announced a significant funding round, led by SoftBank, which valued the company at $45.6 billion on a post new-money basis. If this revised valuation were applied to the Company's investment in Klarna, then it was estimated it would lead to a gross increase in the NAV per ordinary share of approximately 20 pence (based on Swedish Krona foreign exchange rates as of 31 March 2021) as compared to the Company's NAV per ordinary share as of 31 March 2021.

On 24 June, the Company announced a further follow-on investment into Starling Bank of approximately £35 million, connected to Starling's series D funding round.

On 28 June, the Company announced a £75 million investment in Smart Pension Limited. The investment forms part of a £165 million Series D funding round and includes £110 million of newly issued primary capital and £55 million of secondary equity acquired from existing shareholders of Smart Pension Limited.

On 29 June, the Company's Investment Adviser signed a cornerstone investment agreement with Revolution Beauty Group plc which allows the Company to invest approximately £45m as part of Revolution Beauty's IPO if the IPO proceeds.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period 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 future financial period.

Corporate Information

Directors
Andrew Haining, Chairman
Anne Ewing
Simon Holden
Stephen Coe (Senior Independent Director)
Tim Cruttenden

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

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

Notice served March 2021, inactive until end of notice period.

Jupiter Unit Trust Managers Limited
The Zig Zag Building
70 Victoria Street
London, SE1E 6SQW
Appointed 1 May 2021

Investment Adviser
Merian Global Investors (UK) Limited
The Zig Zag Building
70 Victoria Street
London, SW1E 6SQ

Jupiter Investment Management Limited
The Zig Zag Building
70 Victoria Street
London, SW1E 6SQ
Appointed 15 February 2021

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

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

Appointed 17 February 2021

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, UK Branch
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB

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

Guernsey Legal Adviser 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, GY11WR

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.

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