chrysalis investments

Chrysalis Investments Limited

Financial Report and Audited Financial Statements

For the year ended 30 September 2023

Contents

Next era potential: Transformative tech that changes our world.

Performance Headlines

"The portfolio now contains a number of companies that are mature in scale whilst continuing to grow strongly. This coupled with strengthening markets creates a much more optimistic backdrop for valuations and exit activity."

Richard Watts and Nick Williamson
Co-portfolio managers

13.14p

– NAV decline, equivalent to 8.9%

NAV at 30 September 2023 was 134.65 pence per share. Nearly 40% of the decline in the period relates to foreign exchange differences and non-asset related costs. Declines in the valuations of Smart Pension, Graphcore, Deep Instinct and Sorted also contributed. The share price closed at 62.20p, a 54% discount to NAV.

£15.5 million

– Cash from realisations

The Company's position in Revolution Beauty was fully divested during the year (£5.2 million). The Company also divested shares in Wise PLC (£10.3 million).

£46.3 million

– Capital deployed

Deployed capital across six existing portfolio companies to drive growth and the move towards profitability (£26.2 million). Increased the position size in Starling Bank (£20.1 million) at an attractive valuation, reflecting optimism for the prospects of Starling and its ability to generate future value for shareholders.

£32.9 million

– Available liquidity at 30 September 2023

The portfolio is well funded, with the majority either profitable or funded to profitability. The Company ended the year with an appropriate level of liquidity available to continue to support the portfolio and fund the Company for the foreseeable future.

48%

– Weighted average revenue growth

The portfolio generated strong revenue growth of approximately 48%.

Strategy

At Chrysalis we deliver value for our shareholders and partners by investing in and supporting innovative businesses with the potential to transform their sectors.

Backing Winning Ideas

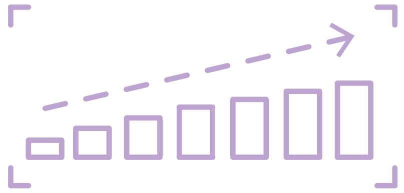
We seek high growth innovative businesses which are leading transformation within their sectors.

Technology has the power to transform the world in which we live. We look to invest in those businesses that have the ability to achieve meaningful change.

Capturing Growth

We identify opportunities for significant growth and help companies carve out clear pathways to profit.

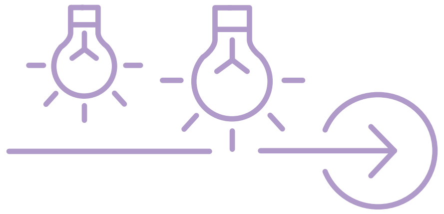
Operating in huge addressable markets, the companies we choose to support offer best-in-class scalable technologies, enabling them to drive and capitalise on societal change.



Empowering Our Partners

We actively engage in building long-term relationships with our partner businesses.

Collaborating with businesses, we provide them with the support, knowledge, experience, and flexible capital necessary to empower the delivery of transformational technology.



Delivering Value

We create value by taking a high conviction approach.

Proven by our successful track record, we de-risk and enhance the competitive edge of our partners, whilst offering shareholders the opportunity to access and gain returns from these exciting private and public companies.

Chairman's Statement

During a period of significant economic and political change, the independently derived valuation of Chrysalis' (the "Company") investments and net assets for the period to 30 September 2023 fell relatively modestly, from 147.79p to 134.65p per share. The first quarter of the 2024 financial year has seen virtually all the reduction erased with net assets at 31 December 2023 being 143.37p per share. Our exciting portfolio of high growth, tech enabled companies experienced a range of positive activity during the period which we believe positions them strongly to benefit from a recovery in markets, which we would expect to see in 2024.

The management team at Jupiter Investment Management Limited (the "Investment Adviser"), cover the developments in the portfolio in detail in their section of the report. Suffice to say that we believe that the level of our share price, at discounts of approximately 50% to the Company's net asset value ("NAV") during the year, significantly undervalues the Company. The Board of Directors (the "Board"), together with Nick Williamson and Richard Watts as the principals (the "Principals") of the Company's new investment adviser (the "New Investment Adviser"), are acutely aware of the need to address the discount and are working to mitigate this position in several ways.

Significant macro issues, which we are unable to influence, have moved sentiment in our asset class so substantially that it has gone from trading at a premium for three years to a discount over the last two. However, there are other issues which we can manage, particularly as it relates to the application of capital from realisations in the future.

I would like to highlight a number of areas where we have continued to refine the Company's operations and removed the perceived conflicts arising from the Company's relationship with Jupiter.

i. The Company decided to participate in a syndicate of Starling shareholders which purchased a block of Starling shares held by other Jupiter-managed funds in February 2023. This removed a seller of Starling shares which no longer had the capacity to hold its position longer term. Starling has subsequently increased its profitability, signed new licences with international banks for its banking technology platform and has reinforced its position as one of the most successful digital banks.

ii. The Board has successfully ensured that the management of your Company's assets remain under the control of the existing portfolio team, which we believe is in the best interests of the Company. This separation from Jupiter was amicably executed shortly after the financial year-end and will enable the team to devote its sole focus on the existing Company portfolio and over time build a team for the longer term.

iii. The Board has, subject to approval by the Company's shareholders ("Shareholders"), agreed revised performance fee payment arrangements that are better aligned with Shareholder interests whilst retaining the existing "high water mark" of 251.96p.

iv. The independent valuation committee has worked hard with the Principals and the Board to continue to improve the valuation process, resulting in quicker and more transparent information flowing to Shareholders and will continue to perform this function going forward.

v. Post year end, Jupiter managed funds reduced their holdings below 5%. The resultant share register is now more balanced, and we have welcomed a number of new Shareholders to the register.

Additionally, in December 2023 the Company announced a likely disposal at a valuation which, if applied to the Company's NAV as of 30 September 2023, would imply an increase in NAV per share of up to approximately 5.5 pence. The transaction is still expected to complete on the terms reflected in that announcement.

As we look forward, we have good reason to be hopeful that realisations will occur in one or two of our investments during the course of the 2024 financial year, albeit this will depend on wider market conditions.

We hope that these actions, together with the Capital Allocation process outlined below, will over time be reflected in a return to more normal market levels of discount/premium for the Company's share price.

Continuation Vote

The Company was formed to take advantage of the trend for growth companies to source expansion capital from the private markets rather than the public markets. That trend five years later has accelerated, with fewer companies coming to the public market and growth companies continuing their high growth development as private companies. Some of the world's largest private growth companies have been in existence for more than ten years, have accessed private capital repeatedly, and have avoided public capital markets until becoming very mature and substantial businesses. Given its structure, the Company is ideally placed to provide institutional and retail investors access to those types of growth companies, matching their aspiration for growth with our capacity to be a long-term holder and supporter.

It is however inevitable that building successful companies over those periods of time involves straddling macro-economic and political shocks such as our main economies have suffered in the last two years. We have spent much of our time this year ensuring that the companies we have invested in have a plan fit for the constraints of the near-term economic environments, without losing sight of their long-term disruptive strategies which made them attractive to us for investment originally and which, we are confident, will deliver value for Shareholders.

We also need to reflect on this when thinking of the way forward for the Company and its proposed capital allocation policy (the "CAP").

The longer-term strategy remains valid – to provide Shareholders with access to an attractive portfolio of approximately 15 later stage companies capable of above average growth.

The shorter-term consideration is that the market discount to the net asset value of the Company's shares (the "Shares") makes purchasing the Shares a potentially higher returning investment than new portfolio investments.

The proposed CAP is therefore designed to recognise these shorter-term cyclical considerations could be a factor. Consequently we are proposing to shareholders that a three year extension to the life of the Company be agreed at the forthcoming AGM.

In that period, we aim to demonstrate that the Company can return to its long-term purpose of making investments on the basis that the share price in that period will have returned more closely to our NAV from the exceptional discount levels we currently have.

The AGM circular containing details of the continuation vote (the "Continuation Vote") is being sent to all Shareholders. In summary, I believe that the Company has demonstrated an ability to invest in a number of fast growing businesses. There is no question that a long-term funding structure for these types of investment is the right structure. We expect to be able to demonstrate the ability to realise such investments to Shareholders and the market within the three-year extension period.

Capital Allocation Policy (“CAP”)

One of the key components of obtaining Shareholder support for the proposed three-year extension is to provide Shareholders with a framework for how capital will be allocated during that period. The Board indicated to Shareholders its preferred approach to capital allocation at the time of the investor consultation in October 2023. This consultation process then informed the Principals and the Board of Directors’ views on this issue. Derived from that consultation and further discussions that the Principals and I have had directly with Shareholders, the Board and the Principals have agreed an adjusted proposal, the details of which are contained in the AGM circular which proposes the Continuation Vote.

A capital allocation policy for the Company must consider four core potential uses of capital to:

i. support existing portfolio companies;

ii. fund working capital (operating costs, fees etc);

iii. invest in late-stage growth opportunities in accordance with the Company's investment policy; and

iv. return available capital to Shareholders through share buybacks (or equivalent programmes) where it is economically attractive to do so.

During the next three years, the Board and the Principals have already committed to return the first £100 million of realisations to Shareholders, likely in the form of a share buyback programme and subject to the prevailing discount, after satisfying the “buffer” of up to £50 million being held back for working capital and follow-on investments.

Additionally, the Board and the Principals have agreed that, after the first £100 million has been returned, we will continue to return at least 25% of net realised gains on the Company’s investments, and I can confirm this will be measured as net realised gains against historical cost price (and not NAV).

Overarching all of the CAP considerations is an acknowledgement that the Company’s capital needs to be managed in a dynamic way. As we consider the uses of the Company's available capital going forward, we will, when determining the appropriate implementation of the commitments described above, take into account, inter alia, the:

- prevailing discount to NAV per share at which the Shares are trading;
- likely timeline of realisations;
- likely uses of capital to fund existing investee companies; and
- strength of any new investment opportunities.

The Board and Principals also consider scale to be important to maintain the relevance of the Company's offering and to help gain access to the best investment opportunities. Subject also to scale, abnormally wide Share price discounts to NAV are likely to favour capital returns to Shareholders over new investments.

Full details of the proposed CAP are set out in the AGM circular.

New Management Arrangements

After year end, the Board announced a significant change in the structural arrangements for managing the Company’s portfolio. The detail relating to those management arrangements are covered in full in a circular convening a Extraordinary General Meeting to be held immediately following the AGM in order to approve the performance fee payable to the New Investment Adviser as a 'related party transaction'.

The new arrangements will see the Principals remain your portfolio managers as part of a new and independent management entity. The Board believes that this independent manager will have the capacity to manage the Company's assets under whatever scenario Shareholders choose to follow post the Continuation Vote.

The commercial terms of the new investment management and advisory agreement remain the same as those proposed to Shareholders previously, namely:

- an AUM advisory services fee based on NAV equal to 50 basis points per annum, and
- a performance fee of 12.5%, with revised deferred payment terms, payable over the existing high-water mark of 251.96p.

I have had a number of discussions directly with individual Shareholders and we have had the benefit of the feedback from the Shareholder consultation commissioned with Rothschilds & Co. There was a consistent view expressed in support of Richard and Nick and we believe the new arrangements, under which their entity will be working with IQEQ/G10 to provide not only management services, but also AIFM oversight, will be to the benefit of the Company going forward.

Revolution Beauty Group plc (“Revolution”)

The Company has potential claims against Revolution under s.90A FSMA 2000 and the common law causes of action of deceit, negligent misstatement and/or misrepresentation, in relation to Revolution shares purchased in July 2021 for approximately £45million and finally sold in late 2022 for approximately £5.7million in total.

The original share purchase was made on the basis that information provided to the Company by Revolution prior to the Company's purchase of the shares in Revolution, and during the period in which the shares were held prior to their sale, contained misstatements and material omissions. The Company wrote a formal letter of claim to Revolution Beauty on 22 November 2023, which requested a response within 28 days. A response has recently been received asking for a further 28 days to provide a response. The Company is now considering next steps with its retained lawyers, Travers Smith.

Chairman's Statement

(continued)

Board Composition

The fifth anniversary of the Company has also focussed the Board's thinking on the way the Board develops going forward. Our approach to governance is laid out in some detail in the Governance section of this report.

Five out of six directors have now been in place for five years, having simultaneously been appointed to the Board at the time of listing. It is important that your Company reviews our contribution as directors. To that end, an independent board review has been carried out this year and is reported on in the Governance section.

It is also important that the Company can attract and retain the appropriate talent at director level to ensure continued delivery of the governance targets we have set ourselves. The Company has undergone a substantial change over the last five years which has seen, inter alia, improvements in management arrangements, revision of fee arrangements and a new valuation process. It is therefore crucial that the skills of the Board continue to match the operational and risk management requirements of the Company going forward.

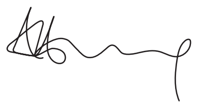
To do this we believe a sensible rotation of directors will invigorate the Board and meet our governance goals. It has been the intention of your Board for some time that a rotation approach would start in 2024.

It is envisaged that three directors will stand down on a phased basis before December 2025. However, if Shareholders did not support the Continuation Vote at our March 2024 AGM, the Board would need to review the implications of that decision before initiating a rotation policy. However, in the circumstance the Company has a mandate to continue to grow and develop, this rotation strategy will see 50% of the Board being replaced by the end of 2025.

The chair of the remuneration and nomination committee is already in discussions regarding a formal, third party managed process for the selection of these posts.

It remains for me to thank all the staff of the management team, our corporate administrator, our colleagues on the independent valuation committee together with all legal and financial advisers and third-party contractors for their hard work this year. My colleagues on the Board are grateful for all their contributions in what has been a busy and productive year.

Signed on behalf of the Board by:



Andrew Haining
Chairman
28 January 2024

Portfolio Statement

As at 30 September 2023

Company	Location	Cost (£'000)	Opening Value (£'000)	Net invested/ (returned) (£'000)	Fair value movements (£'000)	Closing Value (£'000)	% of net assets
wefox Holding AG	Germany	69,187	154,943	3,562	30,128	188,633	23.5
Starling Bank Limited	UK	118,349	113,394	20,101	8,201	141,696	17.7
The Brandtech Group LLC	USA	46,440	103,390	–	491	103,881	13.0
Smart Pension Limited	UK	105,625	95,187	12,500	(28,004)	79,683	9.9
Klarna Holding AB	Sweden	71,486	56,135	–	778	56,913	7.1
Deep Instinct Limited	USA	62,226	81,829	–	(30,315)	51,514	6.4
Featurespace Limited	UK	29,546	53,139	–	(3,551)	49,588	6.2
Tactus Holdings Limited	UK	42,129	36,795	1,999	(9,756)	29,038	3.6
Cognitive Logic Inc.	USA	48,453	30,299	1,327	(4,395)	27,231	3.4
Secret Escapes Holding Limited	UK	28,009	13,232	6,500	5,298	25,030	3.1
Graphcore Limited	UK	57,589	45,065	–	(28,559)	16,506	2.1
Wise PLC	UK	3,276	20,317	(10,263)	230	10,284	1.3
Sorted Holdings Limited	UK	28,257	18,429	316	(18,429)	316	0.1
Growth Street Holdings Limited	UK	11,223	209	(149)	3	63	0.0
Revolution Beauty Group PLC	UK	–	–	(5,220)	5,220	–	0.0
Rowanmoor Group Limited	UK	13,363	–	–	–	–	0.0
Total investments		**735,158**	**822,363**	**30,673**	**(72,660)**	**780,376**	**97.4**
Cash and cash equivalents						22,626	2.8
Other net current liabilities						(1,653)	(0.2)
Total net assets						**801,349**	**100.0**

Investment Advisor's Report

Nick Williamson and Richard Watts of Jupiter Investment Management Limited

Wanted: Teams looking to reshape our tech world.

Introduction

The last two years have seen a significant change in market sentiment, the ramifications of which have triggered a widespread reconsideration of strategic priorities across both the Company's investee companies, and in the Investment Adviser's approach to running the Company. More detail on this is provided below, but underpinning the Investment Adviser's thinking is that the trend of companies staying private for longer has continued. This is a particularly pertinent consideration with the Company's continuation vote due in the early part of 2024.

Following the Company's inception, the Investment Adviser proposed a likely holding period of investments made by Chrysalis of between two to five years. The retrenchment of market risk appetite, observable from the beginning of 2022 and initially driven by rising inflation and yield expectations, closed off likely exit routes for investee companies over the last two years, including IPO markets.

As a result, the Company's portfolio contains a number of companies that are both mature in scale and, conceivably, moving into a window where an exit is a possibility. With an average hold period as of January 2024 of approximately three and a half years, and with a number of large-scale companies at between four and five years – such as Starling, Klarna and wefox – there is reason to believe that the portfolio is able to move towards realisations, once market conditions allow.

In that regard, the recent strength in markets – triggered by yields falling in response to better inflation data – should be seen as encouraging. A backdrop of more optimistic markets should increase the possibility that the two main exit routes for the Company's investments – trade sale and IPO – will open. In terms of the latter, the successful flotation of companies such as Arm in the US should be taken as an encouraging sign.

The Investment Adviser believes that the continuation vote should be considered through the lens of these two factors:

- A maturing portfolio, with a number of companies that Chrysalis has held for some time and are themselves "later-stage" in nature; and
- Apparently, a market more amenable to exits.

With this in mind, the Investment Adviser strongly believes that the best outcome for shareholders is that they vote for continuation, such that the timing of exits can be finessed for valuation maximisation.

Both the Investment Adviser and the Board are acutely aware of the current discount to NAV per share that the Company's shares currently trade at. If realisations are achieved, the proposed CAP, if enacted at prevailing shares prices, should yield material accretion to the NAV per share.

Despite the widespread focus on discounts and realisations, the portfolio continues to grow strongly, with many of the investee companies looking to accelerate growth via AI, a topic that is discussed further below. While a number of the Company's investments have been exploring AI growth angles for a while, others are latching onto this theme more recently. In the Investment Adviser's view, AI has the potential to not only accelerate growth, but also to elongate the period of that growth, or protect existing competitive advantages.

Market Environment

The market backdrop changed materially in late-2021 and into 2022, as investors were faced with a fundamental shift in the interest rate environment, which began its first major tightening cycle in over 30 years. This was in response to rising inflation, likely due in part to supply chain constraints stemming from COVID-19 related shutdowns, but further exacerbated by the war in Ukraine.

In the Investment Adviser's view, the medium-term outlook for interest rates is likely to remain at levels higher than experienced since the global financial crisis ("GFC"). Higher discount rates typically have a greater impact on growth company valuations, where more of their value is based on future cash flows, compared with more mature companies. While a "higher-for-longer" thesis may not appear conducive to risk asset performance, often it is uncertainty over the direction of rates that investors most fear. This implies, as volatility of expectations around the exact course of interest rates abates, growth assets will be in a better position to deliver valuation performance from here.

Over the year, the FTSE All-share saw a 9% increase, but the S&P500 rose 20% and the NASDAQ100 by 34%. Given interest rates have risen over the period, particularly short-term rates, it is perhaps surprising that the most "growth exposed" index – the NASDAQ – has performed the best.

However, an analysis of the leading NASDAQ contributors in calendar 2023 suggests excitement about generative AI is assisting certain stocks, and Nvidia in particular, which was a leading index contributor.

This shows how certain growth trends, at least in some cases, can be more important than the overall market backdrop. The Investment Adviser believes the Chrysalis portfolio is well placed to benefit from AI growth trends:

- **Klarna –** as an early adopter of ChatGPT, became the first fintech globally to launch the ChatGPT plug-in. It also launched an AI-powered image search tool in October 2023, which allows customers to search for products via an image;
- **Deep Instinct –** uses deep learning based models to deliver its services;
- **Featurespace –** also uses deep learning, as well as machine learning, in its products and recently won the PETs ("Privacy-Enhancing Technologies") challenge, sponsored by Innovate UK and the US National Science Foundations, which allows AI models to make better predictions from multiple data sources without exposing any sensitive data between parties. In October 2023 it launched TallierLTM – the world's first Large Transaction Model;
- **Brandtech -** recently bought Pencil AI, a leading AI creative and distribution SaaS platform, generating channel-ready adverts; and
- **wefox –** is developing AI capabilities to enhance the productivity of insurance brokers.

The scale of the overall decrease in activity in the private market has been significant over the last year and a half. The market contracted for four consecutive quarters from its peak in 1Q 2022 (despite the stock market rolling over in the previous quarter, this associated decrease in investment appetite can take time to filter through into activity).

Investment Advisor's Report
(continued)

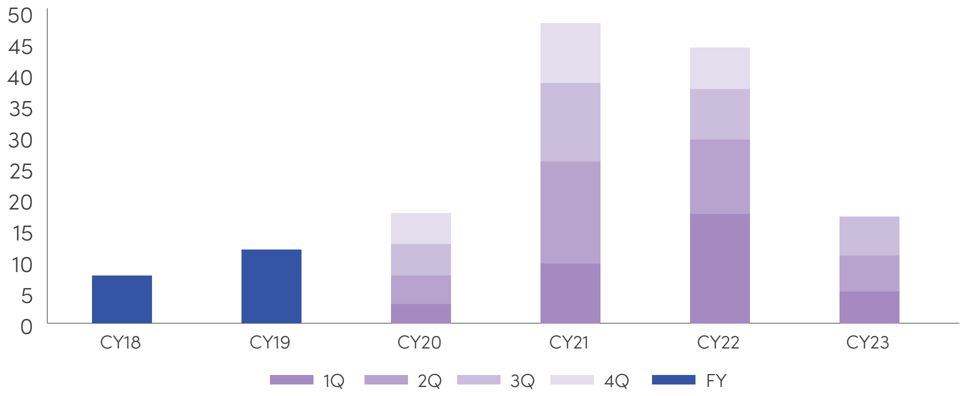
However, as the wider market has become more used to higher levels of interest rates, so there have been tentative signs of risk appetite returning. From the low point in 1Q 2023, each of the subsequent two quarters showed a sequential increase in funding activity. Albeit, 4Q 2023 saw the typical seasonal slowdown, the outturn for 2023 was an improvement over 2020, the year before the market saw supernormal activity. The Investment Adviser believes that the focus in the private market has remained on companies driving towards profitability and discusses this in more detail below.

Portfolio

Over the year, Chrysalis' NAV per share fell from 147.79 pence to 134.65 pence, a fall of 13.14 pence or approximately 8.9%. Of this move, approximately five pence, or nearly 40% of the decrease, was due to foreign exchange differences arising on the translation of investment valuations into GBP and non-asset related costs.

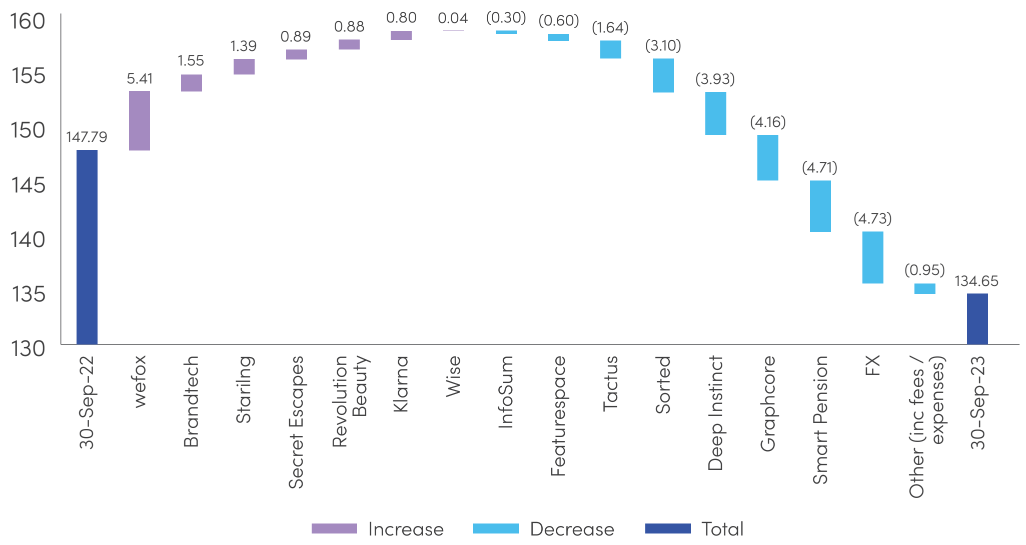
Despite this diminution in NAV, the underlying companies continued to generate strong growth in the period. On a weighted average basis, the portfolio generated approximately 48% revenue growth over the year.

European late-stage private market (£ billions, calendar year)



Source: Pitchbook and Chrysalis (Deals over £10 million in size in Northern and Western Europe)

Chrysalis – NAV movement Sep22-Sep23 (pence per share)



Source: Chrysalis

Material progress towards profitability:

Last year the Investment Adviser discussed the market's shift of focus away from pure growth, to one that balanced growth with a drive towards profitability; as a result, many companies reassessed growth plans and funding requirements. The Investment Adviser has worked hard with the portfolio companies since the beginning of 2022 to extend cash funding runways and assist the quicker transition to more sustainable operating models.

A good example of this is Klarna, which announced job losses expected to equate to 10% of its workforce in 2Q22, alongside an equity raise of $800 million at a valuation of $6.7 billion post new money, compared with its round in the prior year that was struck at $45.6 billion.

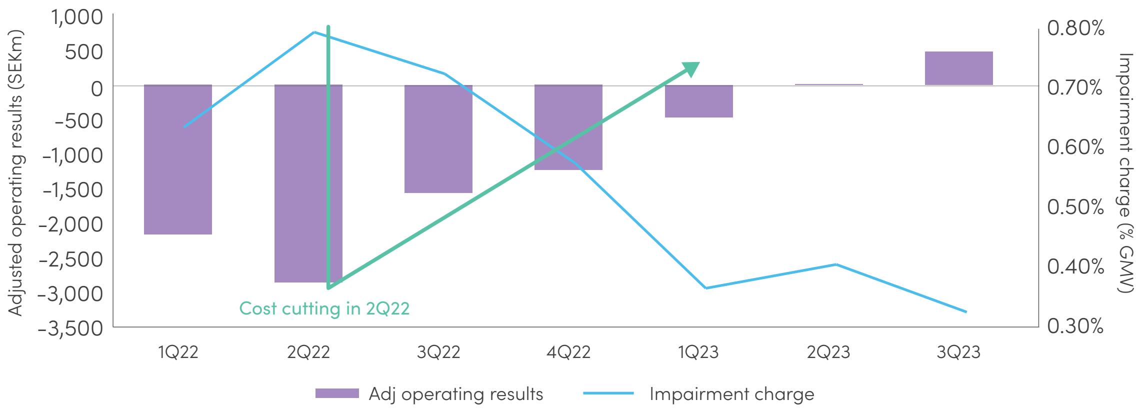
Despite the negative press associated with an 85% down round, the Investment Adviser was optimistic about the prospects for Klarna heading towards profitability, and the fact it was funded to get there.

As a demonstration of the power of operational gearing, in 2Q22, Klarna was annualising an operating loss of approximately $1.1 billion[1]; by 2Q23 Klarna had hit breakeven and in 3Q23 the operating profit was annualising at approximately $180 million, implying a nearly $1.3 billion swing in profitability over the course of 15 months.

The move to breakeven in 2Q23 was driven by year-on-year decreases in both impairment and operating costs of over 40% and approximately 25% respectively; meanwhile, GMV grew approximately 14% in SEK terms year-on-year. While this GMV growth is slower than previous years, the scaling power of the platform has enabled Klarna to close a material loss in the space of four quarters. GMV growth reaccelerated to 22% in 3Q23, which translated into revenue growth of 30%.

While this may be a more extreme example of what is possible, the Investment Adviser believes this is the direction of travel seen across the portfolio in aggregate: the weighted average improvement in EBITDA across the portfolio was over 80% over the year. While a number of portfolio companies still remain loss-making, generally those losses have been diminishing, with only three portfolio companies seeing losses worsen, of which one was only modestly worse.

Klarna Bank AB – Operating result progression (1Q22-3Q23, SEK millions)



Source: Klarna and Chrysalis

[1] At current exchange rates of roughly SEK13.5 to GBP1

Investment Advisor's Report
(continued)

This pattern is highly encouraging to the Investment Adviser as it helps to demonstrate the progress being made by the portfolio companies. If this trend continues and more companies become profitable, then not only does this help to lower funding risk in the portfolio, but it raises the likelihood that, in time, it will be possible to generate theoretical valuation metrics for the Company, such as a price-to-earnings ratio ("PE").

Portfolio activity

Given the significant risk aversion prevalent in markets over the year, and thus the material discount that the Company's shares traded at relative to NAV per share, there was no ability for the Company to consider raising primary capital from shareholders. The last capital raise was £60 million in December 2021.

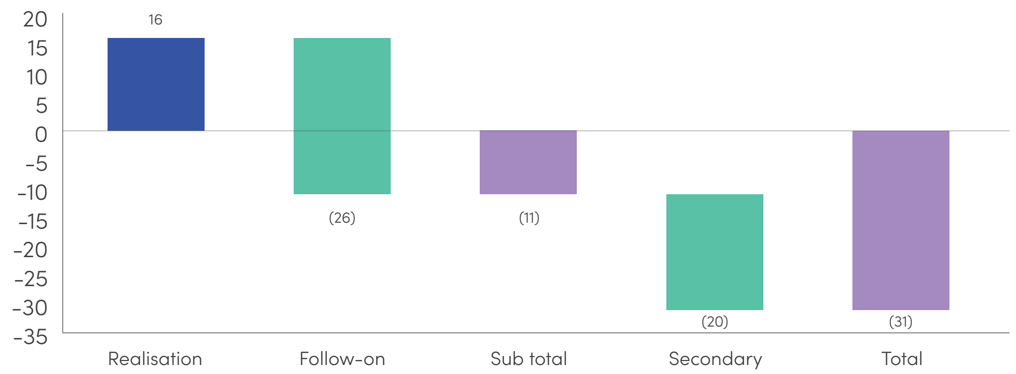
This, along with approximately £118 million from realisations – largely from the exit of Embark (£57 million) and sale of Wise shares (£42 million) – permitted the rotation of capital into value accretive follow-on investments, and certain secondary purchases, totalling £98 million over this 21-month period.

Over the course of the year, Chrysalis supported six of its existing portfolio companies with primary follow-on capital and made one secondary investment in Starling; the latter accounted for £20 million of the total £46 million spent on follow-ons and secondary investments.

In terms of follow-ons, the most significant was into Smart (£12.5 million), to enable it to accelerate its M&A strategy and drive growth in core markets. Other, smaller rounds were also completed in Secret Escapes – £6.5 million invested, to enable it to invest further in marketing to drive growth – and wefox - £3.6 million invested to assist the company drive towards profitability. All of these rounds were in participation with other investors.

Offsetting this to a degree were £15.5 million of realisations in 2023, mainly comprising the sale of shares in Wise and Revolution Beauty, which accounted for approximately £10.3 million and £5.2 million respectively. This meant that the Company spent approximately £31 million on net investment over the year.

Net investment 2023 (£ millions)



Source: Chrysalis

A reflection on the journey so far and continuation

The Company was formed five years ago to offer individuals and other market participants an easy way to access late-stage private companies.

The Investment Adviser believed this was an opportunity due to the increasing tendency of companies to stay private for longer, a period which typically coincided with materially higher growth rates than those observed in the stock market.

The issues driving this desire to delay listing were considered by the Investment Adviser to be multi-faceted, and indeed likely remain so. Recent media articles citing respected industry observers highlight a variety of reasons still remain extant, particularly for the UK market.

The Investment Adviser believes some of the reasons include:

- regulation applicable to listed businesses which, particularly post global financial crisis ("GFC"), is considered by the Investment Adviser to be stringent and places significant additional costs on listed businesses;
- in the UK, a significant "income mindset" which seeks high dividend payouts from stocks[1], thus decreasing the capital available for reinvestment to drive growth;
- a fixation on short-term returns in the listed market – which the Investment Adviser has had first-hand experience of; and
- a sense that expansion capital is not readily available to grow businesses, leading to a lack of appetite to absorb losses as companies look to build share aggressively; and
- losses of control for founders in connection with listings.

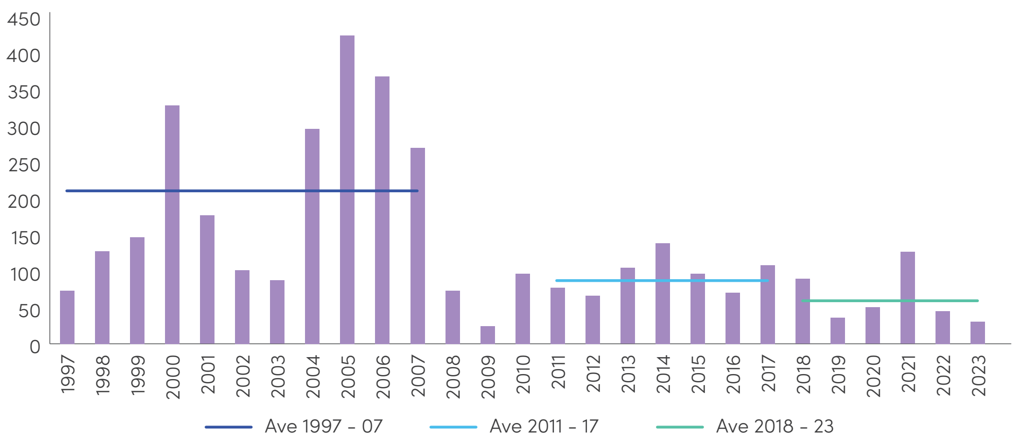
These types of impediment mean that new issuance activity via IPO has been on the wane, a point that the Investment Adviser has repeatedly highlighted.

At the point of the Company's IPO, the Investment Adviser calculated that the average number of IPOs in the UK had fallen from 217 per annum prior to the GFC, to 94 per annum in the period from 2011 to 2017. In the five years since the Company's IPO, the average has fallen further to 69.

Looking in more detail at just the London Stock Exchange's Main Market and AIM, the lack of IPOs since the start of 2022 is now the longest run of low issuance in the last 30 years, spanning eight consecutive quarters. This is despite UK stock markets proving resilient in economic terms.

Late 2023 was particularly anaemic, with only one Main Market listing in CAB Payments in the third quarter and with no IPOs recorded in either the Main Market or AIM in the last quarter of 2023. In fact, the last two years have been some of the weakest in the last 30 years for the IPO market in the UK, with the US also recording below average volumes.

Total UK IPOs



Sources: LSE and Chrysalis

[1] A concept espoused by Paul Marshall, chairman of Marshall Wace LLP, in the FT, see: https://www.ft.com/content/847b0335-7835-4b4f-9dc6-39ba944baadc

Investment Advisor's Report
(continued)

A reflection on the journey so far and continuation (continued)

Rising global yields, in reaction to increasing inflationary pressures, over the last couple of years have likely hampered risk appetite and thus deflated IPO markets.

While some IPOs were able to get away successfully in 2023 despite rising yields, such as Arm Holdings Inc in the US, the recent retrenchment of yields from approximately five per cent. down to approximately four per cent. potentially augurs well for a better IPO market in 2024, particularly in combination with more moderate central bank language around the prospect for rates.

As such, the Investment Adviser believes there are reasons to be moderately optimistic about the outlook for general risk appetite in 2024, which, in normal circumstances, would lead to stronger exit markets, including IPO and trade sale.

An increasing chance of realisations could have a significant impact on the Company's liquidity position, opening up the possibility of capital returns via the CAP.

Following its IPO, the Company indicated a likely hold time for investments of two to five years; the current average holding period in the portfolio is approximately three and a half years. Sitting above this average are key later-stage assets, such as Starling, Klarna and wefox.

Holding period of the portfolio by asset

	Investment date	Hold period (years)
Secret Escapes	Nov-18	5.2
Starling	Feb-19	4.9
Klarna	Aug-19	4.5
Sorted	Aug-19	4.4
wefox	Dec-19	4.1
Featurespace	May-20	3.7
Brandtech	Sep-20	3.3
Smart Pension	Jun-21	2.6
Deep Instinct	Jul-21	2.6
Revolution Beauty	Jul-21	2.5
InfoSum	Aug-21	2.4
Average		**3.6**

Source: Chrysalis

The Investment Adviser believes that the high yield environment since early 2022 has likely delayed certain of the Company's investments from seeking an exit over this period.

As such, the Company now holds a number of assets that could conceivably be considered as exit candidates. If IPO is the chosen route, then conducive stock market conditions are required, as well as all the necessary internal preparations to become a listed entity.

In this regard, Klarna's recent comments that the company is preparing for an IPO and that one could come "quite soon"[1], should demonstrate that the view that conditions are improving is not solely held by the Investment Adviser.

In this context, the Investment Adviser believes that a decision to wind up the Company would not benefit Shareholders, as it could restrict the its ability to time realisations and thus its ability to maximise value.

Outlook

Last year the Investment Adviser was hopeful that wider market risk appetite would support realisations from the portfolio in 2023, including the reopening of the IPO market. This was partly predicated on the apparent emergence of some price stability in the market.

While the IPO market has arguably shown signs of life – particularly in the US with the flotation of companies such as Arm – the more widespread confidence that is necessary to deliver a meaningful reopening has not been forthcoming. This situation is arguably more acute in the UK, which in 3Q 2023 only saw one Main Market flotation – CAB Payments – which promptly warned on profits and saw its share price fall over 80%[2].

The Investment Adviser has continued to focus on helping the portfolio companies get in the best possible shape for an eventual exit; Klarna moving into profitability is a significant, positive step in the right direction. This work centres around both maximising potential exit valuation, as well as installation of systems and governance processes required for an exit.

While speculation has swirled around Klarna's IPO over the last few years, this is the first time the Investment Adviser has seen the company publicly state conditions are now "in place" for it to consider such a move. The ramifications for Chrysalis of an exit that at least underpins the asset's valuation are hard to understate. Such a move could potentially deliver substantial liquidity into the Company and allow the new CAP to come into effect.

A commitment to return up to £100 million of capital to shareholders – representing approximately 25% of the Company's market capitalisation at the time of writing – should be viewed as a powerful indicator of the Board and Investment Adviser's ambition to manage the prevailing share price discount.

[1] Source: BNN Bloomberg Klarna CEO says company likely to IPO 'quite soon' - Video - BNN (bnnbloomberg.ca)
[2] Share price of 61.05p as of 1 October 2023, versus IPO price of 335p

Our portfolio and commentary

wefox

£69.2m

Total Investment

£188.6m

Carrying Value

18th December 2019
Date of initial investment

Last Reported Financials
Not publicly disclosed

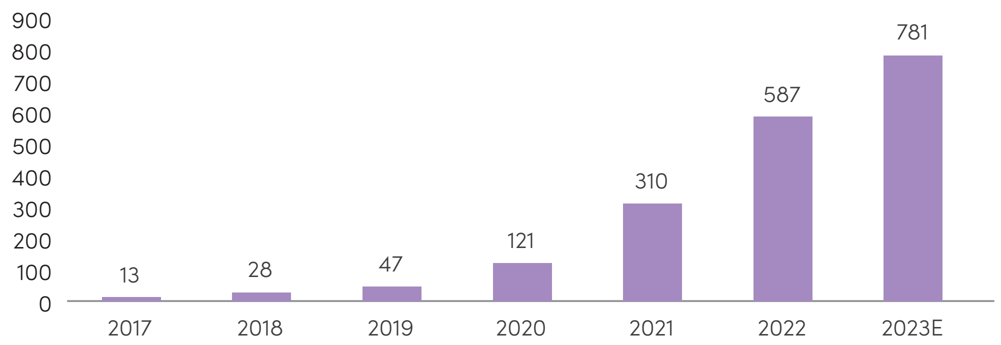
wefox.de

wefox Holding AG ("wefox")

Over the last twelve months, wefox has been focussing on demonstrating a clear roadmap to profitability and good progress has been made on this front. The Investment Adviser believes that wefox will have approached run rate profitability towards the end of 2023, a target the company set itself at the beginning of the period and which then positions it strongly moving into 2024. Very few 'insurtech' assets that the Investment Adviser has analysed globally have been able to demonstrate profitability, with many business models negatively impacted by high loss ratios (due to negative selection) and high customer acquisition costs (due to high competition).

What sets wefox apart from listed peers such as Lemonade or Hippo is its focus on digitising indirect distribution channels (such as insurance brokers) rather than selling own-brand insurance products direct-to-consumer ("D2C"). wefox can drive productivity for its partners through lead generation, process automation, and the provision of customer self-service technology and AI-driven cross-selling. wefox provides these technologies for a share of any commission generated through the sale of insurance products; historically, these partners have also sold a variety of wefox insurance products to their clients too across a range of insurance categories, such as motor or home insurance.

wefox Gross Revenue (2017a – 2023e) (€ millions)



Source: wefox and Chrysalis

wefox has been one of the Company's fastest growing assets since initial investment in December 2019, and the company's growth rate remains robust and materially higher than its listed peers. In 2022, wefox grew its gross revenues by 89% to €587 million, with the outturn for 2023 looking substantially better, while doubling the number of monthly active distribution partners on the platform. The company also managed to cross the €1.5 billion milestone in terms of Gross Platform Value (total annual insurance premium volume transacted by wefox) in September 2023. It took a total of 66 months to achieve the first €500 million in Gross Production Value ("GPV") and just 11 months to add the most recent €500 million in GPV.

In April 2023, wefox announced that it has launched its global affinity business, which will connect insurance companies with partners to distribute insurance products; this increases the existing distribution channel for wefox and extends the company's ability to deliver insurance products through partners. wefox has since announced a number of affinity insurance partners. Particularly encouraging was the announcement that WINDTRE, Italy's leading telecommunications business, has signed a 10-year deal to launch the sale of home and travel insurance products in-store. Partnerships have also been announced with Green & Advanced Transport Ecosystem ("GATE") and PROPUP.

wefox has developed a technology platform to deliver these affinity partnerships and the Investment Adviser believes this will be a key value driver in the future. wefox has the potential to become an infrastructure-as-a-service ("IaaS") play over time, which could drive a recurring and highly profitable revenue stream for the group. This increased focus towards an infrastructure play has occurred before in the portfolio, for example with Wise offering its foreign exchange network to banks, and Starling with its Engine proposition.

Investment Advisor's Report
(continued)

STARLING BANK

£118.3m
Total Investment

£141.7m
Carrying Value

12th February 2019
Date of initial investment

Last Reported Financials
March 2023:
£415m total income (+121%)
£143m profit after tax

starlingbank.com

Starling Bank Limited

Starling has delivered exceptional revenue and profit growth since Chrysalis first invested in the company in 2019.

The growth in total income has been driven by two factors: an increase in lending, and an increase in base rates. Starling accelerated its lending capabilities through the acquisition of Fleet Mortgages in 2021, which originates 'Buy to Let' mortgages, and has generated increased interest income through an increase in yields on cash and on debt securities as a result of increases in the Bank of England's base rate.

Starling's cost base has grown much slower than its revenues which has led to a very attractive margin profile. In more recent months, Starling has been generating profit before tax of roughly £350 million on an annualised basis, leading to a circa 45% pre-tax return on tangible equity, making it, the Investment Adviser believes, one of the most profitable digital banks globally.

Starling – Financial Performance (£ millions, year to indicated date)

	Nov-19	Mar-21	Mar-22	Mar-23	% chg (Mar21 -23)
Total income	14.2	87.8	188.1	414.8	372%
Implied costs	(67.8)	(101.5)	(156.0)	(220.2)	117%
Profit before tax	(53.6)	(13.7)	32.1	194.6	
Return on Tangible Equity			18.3%	29.0%	

Source: Starling and Chrysalis

What makes Starling truly disruptive, and what drew the Investment Adviser to the company initially, is its proprietary technology stack enables the bank to operate with a much lower fixed cost base than a typical bank (leading to higher returns and margins) while allowing it to offer customers a much better user experience. Over time, Starling has been able to pass on these benefits of technology to its customers, which ultimately can lead to an enhanced customer experience and potentially lower costs and fees. Engine, the technology platform that powers Starling, also offers the potential to license Starling's award-winning technology to financial organisations around the world, and now has two contracts signed and in implementation.

Starling grew deposits particularly quickly during the COVID-19 period and continues to evolve its deposit strategy. Most notably, Starling announced in September 2023 that it would pay 3.25% AER interest on account balances of up to £5,000 from 1 October 2023. The Investment Adviser views this offering as consistent with Starling's brand: unlike many banks that tempt savers with "teaser" rates that surreptitiously revert to much lower rates and almost never on their current account, Starling is trying to offer savers a reasonable rate with durability. For those with more capital and who wish to save, Starling also offers a One Year Fixed Saver paying 4.48% interest on deposits between £2,000 and £1,000,000.

Despite investment in these products, the direction of interest rates has meant the bank has continued to operate at very profitable levels over the course of 2023.

Investment Advisor's Report
(continued)

£46.4m
Total Investment

£103.9m
Carrying Value

30th September 2020
Date of initial investment

Last Reported Financials
Not publicly disclosed

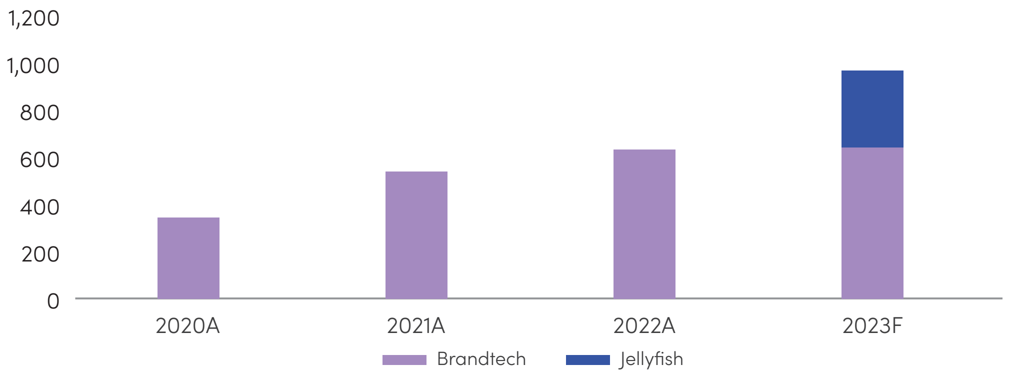
thebrandtechgroup.com

The Brandtech Group LLC ("Brandtech")

The highlight of the year for Brandtech was the acquisition of Jellyfish, a leading global digital media and marketing group. Jellyfish represents the group's ninth, and largest ever, acquisition and solidifies Brandtech's position as the leading digital-only marketing group globally. The combined group now generates in excess of $1 billion of revenue, servicing eight out of the ten largest advertisers, and has over 7,000 employees.

Brandtech already had scale across its Digital Strategy & Content and Data division, but management had an ambition to grow its Digital Media unit following the appointment of Nick Emery as CEO of Brandtech Media. Media represents a huge and highly profitable addressable market for the group, but also a material revenue opportunity across its existing customer base. Nick Emery should be able to capitalise on this opportunity now that he has the necessary scale and resource within the Brandtech media division.

Brandtech Revenues (2020a – 2023e) ($ millions)



Source: Brandtech and Chrysalis

Although much smaller, the recent acquisition of Pencil AI is also exciting. Pencil AI was founded in 2018 and is currently a leading AI creative and distribution SaaS platform. The technology is built on Open AI's GPT family of large language models ("LLMs") and generates multiple channel-ready adverts by looking at a brand's objective, existing assets, and preferences. Within minutes Pencil AI can create content that is up to tenfold lower in cost to produce but with a twofold uplift in performance. Pencil AI was one of the first generative AI companies globally that enables brands to generate finished, ready-to-run ads, launch them and measure an uplift in performance.

Since 2018, Pencil AI has managed over $1 billion of media spend across 4,000 brands and is generating significant interest from prospective clients. Post acquisition, Brandtech has launched Pencil Pro, an enterprise-level generative AI product, specifically created to meet the needs of global brands; Unilever and Bayer are launch partners.

With the marketing landscape becoming increasingly complex to navigate, the Investment Adviser believes Brandtech is well positioned to continue disrupting legacy advertising holding companies. While there has been a well-publicised slowdown in media spend over 2023 – and Brandtech is not immune to this – organic growth over the preceding four years has averaged at more than 30%.

£105.6m
Total Investment

£79.7m
Carrying Value

25th June 2021
Date of initial investment

Last Reported Financials
December 2022:
£57.3m revenue (+32%)
£55.9m loss after tax

smartpension.co.uk

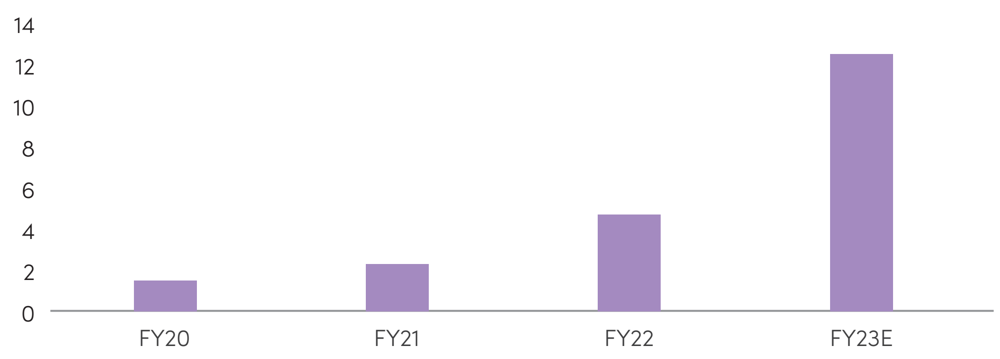
Smart Pension Limited ("Smart")

Smart continued to grow in 2023, with platform revenues forming a much larger proportion of the revenue mix.

Following the announcement of its $95 million Series E funding round in May, led by Aquiline Capital Partners, Smart has continued to execute its M&A strategy and has since completed two further acquisitions.

In May 2023, Smart USA announced that it had acquired ProManage LLC. ProManage is an independent financial wellness service provider that offers managed accounts and other personalised retirement solutions to plan sponsors and plan participants. The acquisition made Smart the fifth largest managed account provider in the US, one of the largest retirement and savings markets globally.

Smart Pension AuM Growth (FY20a – FY23e) (£ billions)



Source: Smart Pension and Chrysalis

The company then acquired Evolve Pensions in July, a leading provider of workplace pension services through its master trust the Crystal Trust. Evolve has over 128,000 members and £750 million in assets. This acquisition represents one of the largest master trust transactions of the year and makes the Smart Pension Master Trust ("SPMT") the country's third biggest master trust operator. SPMT now has 1.3 million members and nearly £5 billion of assets under management ("AUM") while the group now has a total of approximately £12.5 billion AUM.

Smart's global business is powered by Keystone, the group's proprietary technology platform. Keystone is the only cloud-based retirement and savings platform that can serve multiple jurisdictions globally. Keystone is ideally suited to consolidation, as high levels of automation (including self-service) drives efficiencies and helps to deliver scale, ultimately leading to better value for members.

£71.5m
Total Investment

£56.9m
Carrying Value

5th August 2019
Date of initial investment

Last Reported Financials
December 2022:
SEK16.7bn total net operating income (+20%)
SEK 10.4bn loss after tax

klarna.com

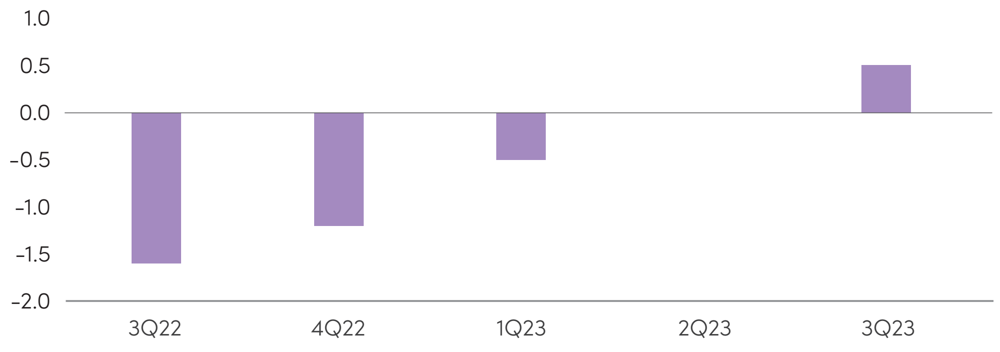
Klarna Holding AB ("Klarna")

Klarna is one of the Company's later-stage assets and has scaled aggressively over the last few years. Having seen losses rise dramatically as it entered the US market, in the middle of 2022 it announced a cost cutting exercise, a focus on existing and profitable customers, and an $800 million fundraise to steer it to profitability. Since that time, losses have rapidly come down, such that the company announced it was profitable through Q3 2023, somewhat earlier than previously expected.

Klarna achieved an adjusted operating profit in 3Q 2023 of SEK 478 million which compares against an adjusted operating loss of SEK 1.6 billion in 3Q 2022. This improvement was driven by a 7% decrease in total operating expenses before credit losses year-on-year and a material decrease in credit losses. Credit losses for 3Q 2023 declined by 46% year-on-year and the credit loss rate fell by 56% year-on-year to 0.33%; the lowest credit loss rate since Chrysalis became a shareholder. Klarna's growth profile has also been encouraging.

A period of exceptional growth was experienced over 2020 and much of 2021, driven by the move into the US market and assisted by COVID-19. This growth slowed into 2022, with the company throttling credit growth in response to its desire to drive towards profitability. More recently, however, growth has begun to reaccelerate, with 22% GMV growth recorded in 3Q23 – with the US growing at 46% – which translated into 30% revenue growth.

Klarna – Adjusted Operating Profit (3Q22 – 3Q23) (SEK billions)



Source: Klarna and Chrysalis

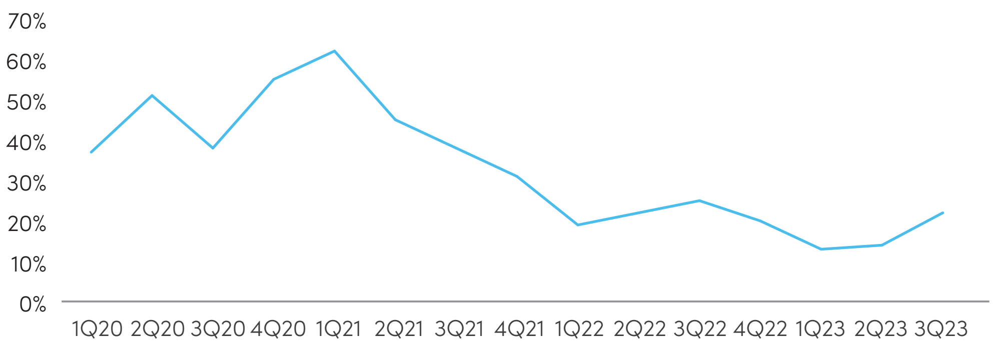
We believe that product innovation is a key factor in sustaining levels of growth, as it attracts new customers and merchant partners. In recent months, Klarna has unveiled several new AI-powered features, which enhance the user experience. Klarna's retail network continues to grow across multiple verticals including travel, events and entertainment, luxury clothing and accessories. In the US, Stubhub joined Klarna's network of over half a million retailers globally, while in Canada shoppers can now take advantage of flexible payments at Walmart. The Investment Adviser is also excited by the global roll out of Klarna's partnership with AirBnB, with consumers in seven countries now able to spread the cost of their trips worldwide. By early 2024, AirBnB will roll out Klarna in countries across three continents.

Klarna is an asset that the Investment Adviser classifies as 'IPO ready', a view supported by recent comments from Klarna's founder, Sebastien Siemiatkowski, that his three key conditions for an IPO had been met; they were:

- Becoming established in the US
- Having a sustainable business model
- Demonstrating significant growth potential.

A flotation could prove highly significant for Chrysalis.

Klarna – GMV growth (year-on-year)



Source: Klarna and Chrysalis

£62.2m

Total Investment

£51.5m

Carrying Value

6th July 2021
Date of initial investment

Last Reported Financials
Not publicly disclosed

deepinstinct.com

Deep Instinct Limited ("Deep Instinct")

The adoption of new technologies such as generative AI is leading to an increased number of cyber-attacks globally and organisations remain vulnerable to cyber threats. A recent study by Sapio Research highlighted the impact of generative AI on the cybersecurity industry, analysing the technology's positive and negative effect on organisations' security postures and preparedness. Unsurprisingly, 75% of security professionals witnessed an increase in attacks over the past 12 months, with 85% attributing the rise to the application of generative AI.

In this new era of generative AI, the only way to combat emerging threats is by using advanced AI. Deep Instinct has developed a prevention-first approach to stopping malware, using the world's first and only purpose-built deep learning cybersecurity framework. Deep Instinct has developed technologies that can predict and prevent known and unknown threats in under 20 milliseconds, 750 times faster than the fastest ransomware can encrypt.

Organisations are beginning to realise that Endpoint Detection and Response ("EDR") and Next-Generation Antivirus ("NGAV") solutions do not have sufficient efficacy and the company has witnessed increased interest and engagement in its solution over the year to date. If the company can convert these leads into sales, then it will enter 2024 with very strong deal momentum.

£29.5m

Total Investment

£49.6m

Carrying Value

13th May 2020
Date of initial investment

Last Reported Financials
December 2022:
£34.4m revenue (+28%)
£20.9m loss after tax

featurespace.com

Featurespace Limited ("Featurespace")

Earlier in the year Featurespace developed a bespoke fraud transaction monitoring framework for NatWest that led to a 135% improvement in Natwest's financial scam detection rate and a 75% reduction in false positives. Subsequently, NatWest and Featurespace won 'Best Innovation by a Financial Institution' at the Datos Insights 2023 Fraud & AML Impact Awards for that specific initiative. This follows a number of other awards over the period, including being named one of the winners in the PETs Challenge.

Industry recognition is translating into customer transaction and Featurespace currently has 70 direct customers and 200,000 institutions using its technology including HSBC, NatWest, TSYS, Worldpay, Marqeta, Contis, Danske Bank, Akbank, Edenred and Permanent TSB.

The company's results for 2022 demonstrated continued momentum in the business. Revenues increased 28% year-on-year to £34 million but new order intake was extremely strong towards the end of 2022 enabling Featurespace to enter 2023 with a strong tailwind. Annual Recurring Revenue ("ARR") grew by more than 40% through 2022 and has increased by almost 50% for September 2023 versus September 2022.

A number of positive steps have been made in terms of stewardship and governance over the year. In April 2023, Featurespace announced the appointment of John Shipsey as CFO. John was previously CFO at Smiths Group from 2017-2022 and prior to that was CFO of Dyson. In addition, the company appointed Len Laufer to the board as Non-Executive Director in October 2023. Len is a leader in Data Science and Technology across the Financial Services Industry and, after founding and successfully exiting Argus Information and Advisory Services, he went on to lead JP Morgan's machine learning and data science efforts as Head of Intelligent Solutions.

With market-leading technology and a proven go-to-market strategy, Featurespace appears well placed to continue disrupting its end market.

Investment Advisor's Report
(continued)

Tactus Holdings Limited ("Tactus")

£42.1m
Total Investment

£29.0m
Carrying Value

18th August 2021
Date of initial investment

Last Reported Financials
March 2022:
£121m revenue (+181%)
£3.4m loss after tax

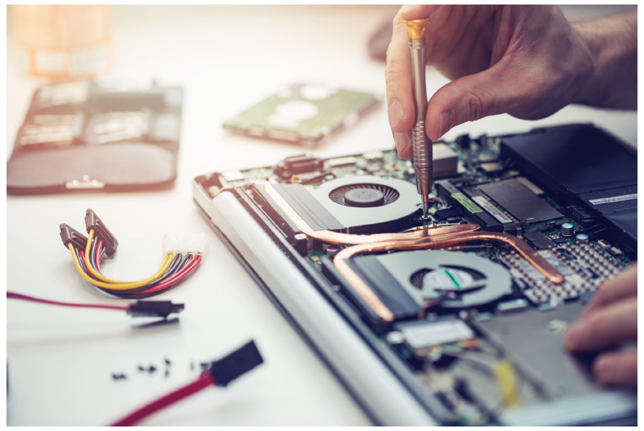
tactusgroup.com

The market backdrop has been challenging over the past twelve to eighteen months, with both Microsoft and Apple reporting a material decline in hardware sales. These recent trends have made it more difficult for Tactus to drive organic growth.

Notwithstanding this challenging backdrop, Tactus has continued to invest in a stable of brands over the course of the year and CCL, Box and Chillblast have now been integrated, rebranded, and repositioned post-acquisition. Chillblast in particular has performed well and is one of the most highly respected and decorated desktop PC builders in the world, evidenced by the fact that Chillblast was awarded the 'PC Pro Excellence Award for "Best PC Manufacturer 2022" over the period.

Tactus also has a business-to-business ("B2B") division which it has been investing in and scaling over the period. The company has made strong progress with this offering year to date, and we believe that B2B could represent a material revenue opportunity for the group going forwards. There are very few IT providers able to provide fully bespoke IT solutions to their clients, yet this is something Tactus is able to offer through its own-branded products and ability to innovate.

The global gaming sector is in structural growth and this inevitably will fuel demand for gaming devices and accessories. While near-term trading has been soft, Tactus should be a beneficiary of this trend as one the UK's leading providers of own and third-party branded gaming PCs, component parts and accessories.



Cognitive Logic Inc, trading as InfoSum ("InfoSum")

£48.5m
Total Investment

£27.2m
Carrying Value

16th August 2021
Date of initial investment

Last Reported Financials
Not publicly disclosed

infosum.com

InfoSum has been looking to expand its routes to the market and has been focussed on delivering strategic partnerships that can accelerate its go to market strategy. Good progress has been made on this front and several partnerships have been announced in recent months, including partnerships with Google, Samsung Ads, Experian and Acxiom.

The group's partnership with Google was announced in May and will see InfoSum integrate with Google Display & Video 360's Publisher Advertiser Identity Reconciliation ("PAIR"). Display & Video 360's PAIR is a new solution that is integrated into Google's Display & Video 360 ("DV360") demand-side platforms ("DSP") and enables advertisers and publishers to reconcile their first-party data without tracking people across the web. This offering will be particularly relevant to the US market when Google begins to phase out support for third party cookies from midway through 2024. This development is relevant to InfoSum as approximately 80% of advertisers depend on third-party cookies and, without them, those advertisers will need to find a new way to reach end customers and prospects online.

Similarly, InfoSum's agreement with Samsung Ads in April, a leading provider of advanced TV advertising, will enable Samsung Ad's advertising partners to match against Samsung's industry-leading Smart TV footprint, as well as through Samsung DSP, all while continuing to maintain full control over their data.

It is evident from partnerships such as these that organisations will further prioritise and expand their first-party data programs and the Investment Adviser believes that data clean rooms will be an emerging and integral solution for publishers. InfoSum continues to be one of the pioneers in this space and applies innovative privacy controls, differential privacy techniques and utilises its 'non-movement of data' approach to prioritise consumer privacy at every stage, allowing stakeholders to keep their own first-party data separate and under their complete control. As a result, InfoSum should be well positioned thematically to take advantage of global regulatory tailwinds.

Investment Advisor's Report
(continued)

Secret Escapes Holding Limited ("Secret Escapes")

£28.0m
Total Investment

£25.0m
Carrying Value

7th November 2018
Date of initial investment

Last Reported Financials
December 2022:
£108m revenue (+56%)
£24.2m loss after tax

secretescapes.com

The backdrop for travel has been much more favourable over the course of the year and trading at Secret Escapes has been considerably better than in previous years, where booking cycles were impacted by COVID-19 and travel restrictions. The company's financial performance year to date has been encouraging and the outlook for the business into 2024 is positive.

The company announced a funding round in July and secured £31.7 million of equity funding alongside a debt refinancing. These funding initiatives should enable the company to accelerate marketing spend to drive customer acquisition and, ultimately, growth. This should result in a faster growing and more profitable business in the near to medium term.

Graphcore Limited ("Graphcore")

£57.6m
Total Investment

£16.5m
Carrying Value

17th December 2018
Date of initial investment

Last Reported Financials
December 2022:
$2.7m revenue (-46%)
$199m loss after tax

graphcore.ai

Graphcore has continued to develop its hardware and software solutions, against a fast-moving industry backdrop.

While the market for AI applications has seen considerable growth, this has meant that model sizes have grown significantly: in 2017, AI models had around 1 million parameters, but currently have over 1 trillion. This explosion in size has led to a requirement for AI compute capabilities to expand very aggressively. The Investment Adviser believes this has favoured the incumbent, Nvidia, which commands a dominant position in terms of sales of AI hardware. So, despite a strong market backdrop and considerable customer interest, Graphcore has found it hard to generate significant revenues from its products.

£3.3m

Total Investment

£10.3m

Carrying Value

Wise PLC ("Wise")

Post-period end, Wise released a trading update that demonstrated sustained momentum over the period. Active customer growth remained strong at 30% (to 7.5 million) while revenues increased by 23% year-on-year, and "Income" – which includes interest income – grew 40%.

Part of the reason for the strong operating performance of Wise over the last twelve months has been its exposure to UK base rates. Like Starling, Wise has deposits on its platform that it can lodge with the Bank of England and other central banks, which have achieved negligible yields for several years. Following the global shift upwards in yields, these excess deposits are now earning a return.

As a result of this performance, management increased FY24 income growth guidance from 28-33% to 33-38% at the interim stage and further increased guidance to 42-44% at its fiscal third quarter and noted that FY24 profitability will be supported by higher gross profit margins (due to higher net yields on customer balances) and remain elevated above its 20% medium-term guidance.

7th November 2018

Date of initial investment

Last Reported Financials

March 2023:
£846m revenue (+51%)
£114m profit after tax

wise.com

[1] Covering its fiscal third quarter to December 2023

£28.3m

Total Investment

£0.3m

Carrying Value

Sorted Holdings Limited ("Sorted")

It was announced in June 2023 that Location Sciences Group PLC was looking to acquire the entire share capital of Sorted. Significant progress has been made by the Company and its advisers in relation to the proposed acquisition and it is anticipated that this transaction will close soon.

Alongside pushing forward with this transaction, Sorted has streamlined its operations, while expanding the customer base and shipping volumes with existing customers. This should result in a more efficient and profitable business going forwards.

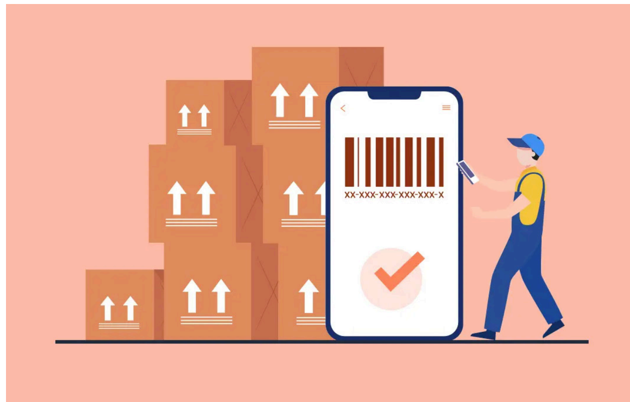
15th August 2019

Date of initial investment

Last Reported Financials

September 2021:
£4.5m revenue (-14%)
£12.0m loss after tax

sorted.com



Environmental, Social and Corporate Governance Report

The role of ESG in our investment process

Chrysalis provides primary capital to predominantly unlisted businesses that offer the technology to transform the way people live and work. The Company's ESG Policy sets out how the Investment Team fulfils its responsibilities on behalf of clients at each stage of the investment process, in line with the Company's investment policy and asset class specific considerations.

While no new private investments were made during the period, the Investment Adviser updated the ESG policy established by the Board and continued to integrate ESG analysis systematically across the portfolio.

The current portfolio includes many companies which provide solutions to urgent business problems with broader societal costs – such as fraud, cyber risks, data privacy and affordable pension provision – or which disrupt highly profitable financial services incumbents and share cost savings with consumers. The demand to reduce these broader societal costs is a crucial driver which underpins the long-term growth story of these investments.

As well as positive sustainability outcomes, the Investment Adviser expects all companies to minimise any direct and indirect negative impact on the environment and broader society.

This report provides a review of the steps the Investment Adviser is taking to evolve the Company's ESG strategy, and the progress being made against the ESG objectives. Also included are a number of case studies to bring to life good practice by portfolio companies during the financial year, and stewardship activity conducted by the Investment Team.

Stewardship

Stewardship is an important responsibility and a core aspect of the investor approach. There is a continuous process of dialogue with the leadership teams of investee companies. Where the Investment Adviser has a board seat or board observer status, members of the Investment Team attend board meetings and provide input where they believe they can advise companies on how to meet their strategic objectives. This includes regular dialogue on ESG related topics, and the Investment Adviser seeks to influence companies where they believe the management of material ESG factors can be improved.

One of the principal challenges of ESG integration in a private company context is data availability. Unlike listed companies, many private companies do not disclose ESG related data, either publicly or to third party data providers. This reality can hinder the identification of material ESG risks and potential issues which may require engagement.

The Investment Adviser has developed an internal dashboard of metrics to assess the ESG performance of portfolio companies. This data is collected directly from private investee companies or sourced from the sustainability disclosures of listed holdings. The Investment Adviser uses the resulting metrics to assess each company's ESG performance relative to its level of corporate development and maturity, and incorporates insights gained into its dialogue with company leadership teams, to assist their continued development.

Where potential material ESG risks, or areas of group governance which require further development, are identified, the Investment Adviser communicates these conclusions to management and seeks to work collaboratively with them to make improvements. Company action plans and any material ESG incidents are reported to the Risk Committee and monitored over time to assess progress.

Case study: Starling

Starling has been a long-held position in the portfolio; with the initial investment made in early 2019.

During the due diligence process, the Investment Adviser identified that the board of directors would benefit from additional independence and as part of its original investment, negotiated the right to appoint a new independent non-executive director. Following investment, the Investment Adviser then worked with the other major investor to bring in suitable new directors to replace those leaving the board. This included a new Chairman and senior independent director ("SID"), as well as other directors with specific skill sets, with a view to helping the company develop.

This work paid dividends when Anne Boden, former CEO and founder, decided to step back from Starling, as the board was able to provide effective support to the interim CEO as he took over, being comprised of a number of individuals with relevant experience, including holding roles at major, global banks.

> "Investing in ESG principles isn't just a choice for our portfolio companies; it is a compass that guides them towards sustainable success, where ESG factors not only drive responsible practices but also form a foundation for long-term prosperity."
>
> **Richard Watts** and **Nick Williamson**
> of Jupiter Investment Management Limited

Corporate Governance

Portfolio company reporting on Governance

Collected during Chrysalis ESG Data Collection Exercise or based on public disclosures by portfolio companies.

5
companies appointed independent board chairs this year

59%
of portfolio companies have an independent board chair

84%
of portfolio companies have at least one independent director

To grow successfully, companies and their founders must not only execute strategically, but they must also lay the foundations for future growth by creating appropriate corporate governance structures. It is critical that private companies considering listing prepare themselves for the additional scrutiny which comes with going public. It is also vital that founders, who may not have previously run listed businesses, are prepared to bring in experienced independent non-executive directors who can help their companies develop. Building capacity at board and executive level – reducing key man risk and reliance on individual founders over time – is crucial to a company's future development.

During the financial year, the portfolio companies have continued to strengthen group governance. As active owners, the Investment Adviser assesses company governance on a range of issues, recognising that good practice will differ depending on a company's jurisdiction, size, and ownership structure.

Case study: wefox

wefox continued to strengthen its board and management team during the period, recruiting Nicholas Walker as Chief HR Officer. Nicholas is a seasoned HR professional with more than 25 years' global experience spanning technology, fintech and payment industries, most recently at Paysafe.

Post period end, wefox appointed Jonathan Wismer as its new Group Chief Financial Officer. Jonathan brings more than 25 years of experience in the insurance industry, having held senior finance roles at Zurich, AIG and Resolution Life. The appointment represents the company's continued strengthening of its C-suite as it steps up its plans for profitable growth and global expansion.

Subsequently, wefox also appointed Mark Hartigan as Chairman. Mark was previously Chief Executive at LV and Head of Operations for Europe, Middle East and Africa at Zurich Insurance Group. He was Chief Executive Officer for Zurich Global Life in the Asia Pacific and Middle East region and led its regional business in Europe.

Environmental, Social and Corporate Governance Report
(continued)

Human Capital

Portfolio company reporting on gender diversity

Collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies.

2
Female CEOs

29%
average proportion of women in senior leadership roles

Good human capital management supports both value creation and business resilience, and the Investment Adviser believes that investing in human capital correlates with longer-term business success. Human capital management can both upskill and educate a workforce, increase abilities, and retain and motivate employees.

The Investment Adviser recognises that approaches to human capital management, including DE&I will differ, and as an active owner seeks to understand an investee company's operating model and engage to advise on best practice and potential improvements.

Case study: Starling

Starling Bank continues to build on its position as a leader on gender diversity, both organisationally and as a catalyst for a broader change in retail banking.

Effective integration of DE&I principles within a business is widely considered to help companies attract talent from a wider talent pool. It also contributes to better decision-making, performance, innovation, and employee satisfaction and retention.

The cumulative impact of these initiatives has been significant. Starling's latest gender pay gap figures (2022), show that the median gender pay gap has decreased from 10% to 9%, while the mean has narrowed from 16% to 12%. Its gender pay gap remains substantially lower than those of competitors (see table).

Starling launched its #MakeMoneyEqual campaign in 2018, with the aim of removing negative gender stereotypes from public conversation around money and personal finances. Since then, the bank has conducted studies showing significant discrepancies in the way that men and women are spoken to about money and portrayed in banking advertising campaigns, factors which could discourage women's engagement with financial affairs. It created a free image library that better represented women and money, helping to ensure that women are better represented in images used by media and advertisers. Since 2019, the bank has commissioned a regular independent audit of its algorithms and technological processes to make sure Starling is fair and free from gender or race bias.

	Starling	NatWest	Lloyds	Virgin Money
2022 mean gender pay gap	12%	32%	29%	28%

Source: Company disclosures

Social impact

The current portfolio includes many companies which provide solutions to urgent business problems with broader societal costs.

Case study: The use of AI to prevent financial crime

Both Featurespace and Deep Instinct, representing approximately 13% of net assets at period end, drive innovation through generative AI and deep learning.

Featurespace estimates that global losses from card fraud will total $397.4 billion over the next 10 years, and the problem will only continue to grow as criminals utilise generative AI for their own gain.

In response, in October 2023 the company launched TallierLTM, the world's first Large Transaction Model ("LTM"). TallierLTM, a foundation AI technology for the payment and financial services industry, is a large-scale, self-supervised, pre-trained model designed to power the next generation of AI applications. The model has shown improvements of up to 71% in fraud value detection when compared to industry standard models. It identifies hidden transactional patterns undiscoverable using current industry methods, enabling it to predict likely future consumer transactions.

Deep Instinct's 2023 Mid-Year Cyber Threat Report calculates that the number of ransomware victims in the first half of 2023 exceeded the total number of victims for the whole of 2022. The proliferation of Ransomware-as-a-Service ("RaaS") – which sees criminal actors exploiting vulnerabilities to launch large-scale cyber-attacks – has continued in 2023 alongside a rise in the use of Large Language Models ('LLMs"), e.g. ChatGPT, with criminal actors taking advantage of its capabilities to develop malicious code.

Deep Instinct predicts that in 2024 threats will become even more customised, making it critical to develop deep learning methods, the most advanced form of AI, to tackle these threats.

Case study: Financial wellbeing

Wise is the longest held asset in the portfolio.

Its mission is to lower the cost to customers of transferring money around the world. Historically, there have been many links in the chain to send money cross boarder; local bank branches – sometimes at each end – as well as transmitting banks, if the former are not using payment rails such as SWIFT. As well as each bank requiring a cut of the principle, foreign exchange fees will also be levied.

Wise set out to circumvent this layering of fees and built its own infrastructure to move money globally. This meant that not only did it cut out many of the (costly) links in the chain, but it could also offer economies of scale in terms of foreign exchange pricing. As a result, Wise allows individuals to move money around the world up to approximately five-times cheaper than many high street UK banks[1].

[1] Source: Wise UK Price Comparison Research 13 June 2023

Environmental, Social and Corporate Governance Report
(continued)

Environmental Impact

Portfolio company reporting on Climate

Collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies, or based on internal analysis.

5
companies have made a net zero commitment

42%
of portfolio companies have calculated their Scope 1 and 2 emissions

40%
of portfolio companies have set at least one short or medium-term carbon reduction target

0%
portfolio exposure to companies engaged in extraction or production of fossil fuels

Limiting global temperature rises to 1.5 degrees above pre-industrial levels, in line with the Paris Agreement, is an urgent challenge facing the global economy. The Investment Adviser uses its influence as an investor through stewardship and active ownership to encourage companies to identify, manage and mitigate climate change risks or opportunities.

While the Investment Adviser believes that the Company's portfolio of tech-enabled, predominately digital businesses is not exposed to material climate risks and have limited direct environmental impacts, its view is that the scale of climate change will impact all sectors, industries, and asset classes and so acknowledges the positive role that investors can play in tackling it through investment decisions and capital allocation.

Disclosed below is the weighted average carbon intensity of the portfolio and other related metrics. The companies representing 42% of NAV at year end have calculated their operational (Scope 1 and 2) emissions. Where companies have not yet calculated their own emissions, the Investment Adviser has used estimated data based on the peer groups used in the Company's valuation process. The analysis suggests that the portfolio's total emissions increased during the year, which may be expected given the continued growth of many portfolio companies. However, on a relative basis the weighted average carbon intensity of the portfolio decreased as a proportion of revenues, suggesting increased carbon efficiency of the portfolio in aggregate.

Chrysalis Portfolio Carbon Metrics (Scope 1 and 2 emissions)

	FY 2023	FY 2022
Carbon Emissions (tons CO2e/$M invested)	0.9	0.5
Total Carbon Emissions (tons CO2e)	880	450
Weighted Average Carbon Intensity (tons CO2e/$M Sales)	14.7	22.7

Source: Data collected during Chrysalis ESG Data Collection Exercise, based on public disclosures by portfolio companies, or estimates. Latest year of reported emissions.

Case study: Smart Pension

In January 2023, Smart Pension announced the launch of three new fully sustainable lifestyle strategies with different growth fund options. All three growth funds fully invest in funds that positively contribute to the planet and society, including investing in areas such as renewable energy projects, clean water, and healthcare. Smart Pension is the first UK pension provider to offer customers a range of lifestyle strategies that are all fully sustainable, including the Smart Pension default fund. The Smart Pension Master Trust was also approved as a signatory to the UK Stewardship Code in March 2023.

In February 2023, Smart Pension announced that it has halved the emissions of its default growth fund. This is over two years ahead of the 50% reduction target it announced in June 2022 and represents considerable progress towards the company's pledge to make its default growth fund net zero by 2040. This is also well ahead of the goals of the Paris Agreement, which called for emissions to be reduced by 45% by 2030 and to reach net zero by 2050.

Case study: Klarna

During the financial year, Klarna provided an update on the progress of its Give One initiative, launched in April 2021, which pledges 1% of all future funding rounds to support change-makers on the frontlines of environmental challenges. Klarna has contributed $11 million to the initiative since launch in April 2021, funds which have enabled the planting of 3.4 million trees worldwide. Give One supports 56 environmental initiatives which include over 70 organisations throughout North America, South America, Africa, Europe, and Asia.

Figures disclosed in this section have not been independently verified by the Company or the Investment Adviser.

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 or the Cayman Islands Stock Exchange). Furthermore, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

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

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

The Company will seek to ensure that it has suitable investor protection rights through its investment in portfolio companies where appropriate. The Company may acquire investments directly or by way of holdings in special purpose vehicles, intermediate holding vehicles or other funds or similar structures.

Investment restrictions

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

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

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

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

Governance

Corporate Governance Statement

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

The AIC Code addresses the relevant Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

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

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

Key Governance Disclosures

Section 172(1) Statement

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

i. consequences of any decision in the long-term;
ii. the need to foster business relationships with suppliers, customers and others;
iii. impact on community and environment;
iv. maintaining reputation; and
v. acting fairly as between members of the Company.

The Board considers its duties under S.172 to be integrated within the Company's culture and values. The Company's culture is one of respect for the opinions of stakeholders, with an aim of carrying out its operations in a fair and sustainable manner that is both instrumental to the Company's long term success and upholds the Company's ethical values. The Board encourages diversity of thought and opinion in accordance with its Diversity Policy and would like to encourage stakeholders to engage freely with the Board of Directors on matters that are of concern to them.

Stakeholders may contact the Company via the Company's dedicated e-mail address (chrysalis@maitlandgroup.com), the Company's LinkedIn page (https://www.linkedin.com/company/chrysalis-investments-investment-trust/) or by post via the Company Secretary on any matters that they wish to discuss with the Board of Directors.

The Company is an externally administered investment company, has no employees, and as such is operationally quite simple. The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

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

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

Key Governance Disclosures
(continued)

Going Concern Statement
The Going Concern Statement is made on pages 61 and 62.

Viability Statement
The Viability Statement is made on pages 62 and 63.

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

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

Assessment of Principal and Emerging Risks
The Board has undertaken a robust assessment of the Company's principal and emerging risks, together with the procedures that are in place to identify emerging risks. Further information on this assessment and an explanation on how these risks are being mitigated and managed can be found on page 64 and 65.

Review of Risk Management and Internal Control
The Board confirms that it has reviewed the Company's system of risk management and internal controls for the year ended 30 September 2023, and to the date of the approval of this annual report and audited financial statements. For further details of the key risks and uncertainties the Directors believe the Company is exposed to together with the policies and procedures in place to monitor and mitigate these risks, please refer to pages 85-87 and 97-98 and note 19 of the annual report and audited financial statements.

The Board of Directors

The Board comprises six independent non-executive Directors, two of whom are female, 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.

Further details concerning the meetings attended during the year by the Board and its Committees can be found on page 51. 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 sustainable success and the generation of value for shareholders and in doing so manages the business affairs of the Company in accordance with the Articles of Incorporation, the investment policy and with due regard to the wider interests of stakeholders as a whole. For further information on how the Board considers the interests of stakeholders in its decision making please see the S.172(1) statement on page 45. Additionally, the Board have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio. The Board are confident that the combination of its members is appropriate and is such that no one individual or small group of individuals dominates the Board's decision making.

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

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

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

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

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

The Board of Directors

(continued)

Andrew Haining
Chairman (Independent)

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

Andrew holds several Guernsey and UK board positions.

Stephen Coe
Senior Independent

Stephen serves as Chairman of the Audit Committee. He is currently a Non-Executive Director of a number of private companies. 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 is a Chartered Director ("Cdir") accredited by the Institute of Directors. Previously an investment director at Terra Firma Capital Partners and Candover Investment prior to that, Simon has been an active independent director to listed investment company, private equity fund and trading company boards since 2015. In addition, Simon acts as the pro-bono Business Adviser to Guernsey Ports; a State of Guernsey enterprise that operates all the Bailiwick's critical airports and harbour infrastructure.

A graduate of the University of Cambridge with an Meng and MA in Manufacturing Engineering, Simon is an active member of UK and Guernsey fund management interest groups including a director member of the Association of Investment Companies ("AIC").

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, is a Chartered Fellow of the Securities Institute and has held senior roles in Citibank, Rothschilds, Old Mutual International and KPMG, and latterly has been instrumental in the start-ups of a Guernsey fund manager and two fiduciary licensees.

Anne has several non-executive directorships roles in investment companies and a London based private wealth banking group and related subsidiaries in Jersey and Guernsey.

Tim Cruttenden
Independent

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

Margaret O'Connor
Independent

Margaret has had a 30-year career commercialising technology in the US, Asia, Europe, and Africa. She brings insights from having worked as a MarTech operator, MasterCard senior executive, and investor to her current roles as an independent director of a Guernsey investment trust and Chair of a Mauritius Venture Capital Fund. She's a member of the Private Equity Women Investor Network.

She earned her BA from Rutgers University and studied International Relations at Princeton University before moving to Seoul, Korea to work for the Korean Ministry of Finance.

The Board of Directors
(continued)

Public Company Directorships

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

Andrew Haining

None to be disclosed

Stephen Coe

None to be disclosed

Simon Holden

HICL Infrastructure PLC

Hipgnosis Songs Fund Limited

JPMorgan Global Core Real Assets Limited

Anne Ewing

None to be disclosed

Tim Cruttenden

Polar Capital Technology Trust PLC

Margaret O' Connor

None to be disclosed

Valuation Committee

The Board are of the view that the valuation process needs to be as efficient as possible while also providing for comprehensive and independent oversight. Consequently, the Board established an independent Valuation Committee which comprises of the following members:

The fourth member of the committee is Tim Cruttenden who has been a director of the Company since its formation.

Lord Rockley
Committee Chairman

Anthony Rockley was an audit partner at KPMG until 2015 with a sector focus on private equity and venture capital. Over a 34 year career with KPMG, Anthony was responsible for auditing private equity and venture capital companies and structures. Amongst other sector specific work, Anthony was a member of the International Private Equity and Venture Capital Guidelines Board for 9 years.

Diane Seymour-Williams

Diane Seymour Williams has a career spanning over 30 years in asset and wealth management. She was a listed portfolio manager with Deutsche Morgan Grenfell, ultimately running DMG's asset management business in Asia. After returning to the UK, Diane subsequently held a number of board positions in the financial services sector. Currently she sits, inter alia, on the boards of ABRDN Private Equity Opportunities Trust PLC, Mercia Asset Management PLC and SEI's European business. Diane brings extensive fund management and portfolio oversight experience. In addition to her public company roles Diane sits on the investment committees of Newnham College, Cambridge and the Canal & River Trust.

Jonathan Biggs

Jonathan Biggs worked at Accel, a leading global venture and growth capital investor, for 20 years up until 2021. One of the first hires in Europe, he was the COO of Accel's European business. During his time at Accel, he raised over $2.5 billion in five early-stage venture funds focused on Europe. Jon has subsequently joined Top Tier Capital Partners as a Partner where he leads the European funds business. Prior to that he was a Managing Partner at SVB Capital.

Director Attendance

During the year ended 30 September 2023, the Board and Committee meetings held and attended by the Directors were as follows:

	Quarterly Board Meeting	Audit Committee Meeting	Remuneration and Nomination Meetings	Risk Committee Meetings	Management Engagement Meetings	Ad-hoc Meetings
Director	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible	Attended / Eligible
Anne Ewing	6/6	3/3	1/1	4/4	n/a	2/2
Andrew Haining	5/6	n/a	1/1	n/a	n/a	2/2
Simon Holden	6/6	3/3	1/1	4/4	1/1	2/2
Stephen Coe	6/6	3/3	1/1	3/4	n/a	2/2
Tim Cruttenden	6/6	1/3	1/1	4/4	1/1	2/2
Margaret O' Connor	6/6	1/3	1/1	4/4	1/1	2/2

	Valuation Committee Meetings
Member	Attended / Eligible
Lord Rockley	8/8
Diane Seymour-Williams	8/8
Jonathan Biggs	7/8
Tim Cruttenden	7/8

The Board of Directors
(continued)

Division of Responsibilities

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

- Strategic Issues
- Financial Items such as approval of the annual and half-yearly reports, any quarterly financial statements and any preliminary announcement of the final results and the annual report and accounts including the corporate governance statement
- Treasury Items
- Legal, Administration and Other Benefits
- Communications with Shareholders
- Board Appointments and Arrangements
- Miscellaneous such as to approve the appointments of professional advisers for any Group company in addition to the Company's Auditors
- Monetary Limits

The Directors have also delegated certain functions to other parties such as the Valuation Committee, the Investment Adviser, the Administrator, the Company Secretary, the Depositary and the Registrar. In particular, the Investment Adviser has been granted discretion over the management of the investments comprising the Company's portfolio.

The Investment Adviser reports to the Board on a regular basis both outside of and during quarterly board and Committee meetings, where the operating and financial performance of the portfolio, together with valuations, are discussed at length between the Board and the Investment Adviser. The Directors have responsibility for exercising supervision of the Valuation Committee and the Investment Adviser.

Board Committees

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

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

Stephen Coe is the Chairman of the Audit Committee with Anne Ewing and Simon Holden as members with Margaret O'Connor as an observer. A full report regarding the Audit Committee's activities during the year can be found in the Audit Committee Report on page 69.

Anne Ewing is Chairman of the Remuneration and Nomination Committee, with Margaret O'Connor and Tim Cruttenden as members. The Remuneration and Nomination Committee meets at least once a year in accordance with the terms of reference and reviews, inter alia, the structure, size and composition of the Board. A full report regarding the Remuneration and Nomination Committee's activities during the year can be found on page 53.

Margaret O'Connor is Chairman of the Management Engagement Committee, with Simon Holden and Tim Cruttenden as members. The Management Engagement Committee will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Adviser and the terms of the Portfolio Management Agreement. A full report regarding the Management Engagement Committee's activities during the year can be found on page 57.

Simon Holden is Chairman of the Risk Committee, with Anne Ewing, Margaret O'Connor, Stephen Coe and Tim Cruttenden as members. The Risk Committee will meet formally, at a minimum once a year, though it has been agreed, that the Risk Committee is convened quarterly in the first year of assuming its responsibilities, aligned with the Company's financial reporting cycle and at such other times as the Chairman of the Committee deems appropriate, for the purpose of, amongst other things, to ensure that there is proper consideration and assessment risks and stresses ensuring that the Investment Adviser develops appropriate strategies to protect the Group's portfolio of investments. A full report regarding the Risk Committee's activities during the year can be found on page 58.

Report of the Remuneration & Nomination Committee

Statement: Chairman of Committee

I am pleased to present the Remuneration and Nomination Committee report for the year ended 30 September 2023. The composition of the Remuneration and Nomination Committee meets with the requirements of the AIC Code and, in line with good practice, membership is reviewed annually.

During the year, there have been no changes to the Directors' Remuneration Policy or the Terms of Reference of the Remuneration and Nomination Committee. No new Directors were appointed to the Board during the year.

In 2024, and subject to the outcome of the Continuation Vote at the AGM, the Remuneration and Nomination Committee will revive its recruitment process to help the Company further achieve its targets.

I am satisfied that the Remuneration and Nomination Committee is discharging its responsibilities proficiently and recommend this report to the Board.

Anne Ewing
Chair of the Remuneration
and Nomination Committee

Purpose and Aim of the Remuneration and Nomination Committee

The terms of reference of the Remuneration and Nomination Committee are set out on the Company's website at https://chrysalisinvestments.co.uk/investor-relations/. The primary responsibility of the Remuneration and Nomination Committee is, in relation to remuneration, to determine and agree with the Company's Board of Directors (together the "Board" and individually a "Director") the framework or broad policy for the remuneration of the Company's Chairman and non-executive Directors in accordance with the Company's articles of incorporation (the "Articles") and applicable law and, in relation to nominations, to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes as necessary.

Membership and Meetings of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee met formally once during 2023, on 27 October 2023. Due to illness the meeting was chaired by Margaret O'Connor and attended by Tim Cruttenden with papers prepared by the Chair of the Committee.

The members of the Remuneration and Nomination Committee are as follows:

- Anne Ewing (Chairman)
- Tim Cruttenden
- Margaret O'Connor

Report of the Remuneration & Nomination Committee
(continued)

Composition, Succession and Evaluation of the Board

At its meeting, the Remuneration and Nomination Committee reviewed and reaffirmed the Company's policy whereby no Director will serve for more than nine years (such policy being aligned to the AIC Code). The Remuneration and Nomination Committee confirms that no Director has served for longer than nine years, due to the Company being incorporated in October 2018.

No new directors were appointed to the Board during the year.

On 27 October 2023, at a general board meeting, the Company reviewed and refreshed its policy on Diversity and Inclusion as follows:

> *The Board is committed to longer term succession planning in the context of meeting the objective of the Parker Review[1] will follow ahead of the 2024 deadline. This will require the Company to increase the ethnic diversity of its board by having at least one director from an ethnic minority. The Company's Board currently comprises two female directors which meets the targets set by the Hampton-Alexander Review[2] to increase the number of women in senior leadership positions in all FTSE 350 companies to 30% by end 2022. Although not a constituent of the FTSE 350, the Company is committed to maintaining the highest standards of corporate governance and hence will seek to meet the further recommendations of the review within the 2025 deadline.*
>
> *Appointments to the Board will be based on merit and on any skills gap identified to ensure the Board can continue to act effectively.*
>
> *The Company follows a set of principles when looking to recruit a new candidate. This will include the use of an external well regarded recruitment agency who will be instructed to conduct a wide search for diverse candidates and, where applicable potentially, encourage candidates who may have appropriate transferable skills which, if appointed, would add to the diversity of the Board.*
>
> *Where the Company is unable to meet any diversity or inclusion targets it will look to fully explain its position to its shareholders and stakeholders.*

In November 2023, the Committee considered succession planning and undertook a review of the attributes and skills of the current Board and made recommendations to the Board.

In light of the forthcoming Continuation Vote it was considered inappropriate to make changes to the Board and indeed it would have proved difficult to recruit appropriate candidates with the different scenarios that might follow the vote. The Board therefore agreed to defer any recruitment until the results of the Continuation Vote are known.

A succession plan has been drawn up in the event of the continuation of the Company when it is expected at least three directors would rotate off the Board over a period of 24 months. Due regard will be given to equal opportunity, diversity and inclusion for these appointments.

[1] A Report into the Ethnic Diversity of UK Boards (Final Report) – Sir John Parker, The Parker Review Committee, 12 October 2017.

[2] The Hampton-Alexander Review builds on the work of the Davies Review to increase the number of women on FTSE Boards, with an important new focus aimed at improving the representation of women in leadership positions of FTSE 350 companies.

Committee Memberships

Audit Committee	Risk Committee	Valuations Committee	Management Engagement Committee	Remuneration and Nomination Committee
Chaired by: S Coe	**Chaired by:** S Holden	**Chaired by:** Lord Rockley*	**Chaired by:** M O'Connor	**Chaired by:** A Ewing
A Ewing	S Coe	D Seymour-Willliams*	S Coe	T Cruttenden
S Holden	A Ewing	J Biggs*	T Cruttenden	M O'Connor
Margaret O'Connor (Observer)	T Cruttenden	T Cruttenden (Board Representative)	S Holden	
	M O'Connor			

*Independent

2023 Review of Board Performance

The Remuneration and Nomination Committee engaged BoardAlpha Limited to undertake a review of Board performance. This externally facilitated review was undertaken during the summer months of 2023. Interviews were held with each of the six non-executive directors, including the Chairman. Discussions were also held with the Investment Adviser, Director of Finance - Chrysalis and with Lord Rockley as Chairman of the Valuation Committee. Further discussions were held with the Company's administrator, legal counsel and brokers. BoardAlpha attended a Valuation Committee Meeting, a Risk Committee Meeting and a full Board Meeting and reviewed all information packs from meetings for the full year.

The output from the review was positively received by the Board and a number of actions are in progress to address various procedural matters, some of which are already underway as part of this year's reporting.

2023 Review of Remuneration

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors, and should be sufficient to retain high calibre directors. The policy is for the Chairman of the Board, the Chairs of the Audit Committee and Risk Committee and the Valuation Committee Board Representative to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may only amend the level of remuneration paid within the limits of the Articles (£500,000 per annum maximum).

The table below is provided to enable Shareholders to assess the relative spend on Director remuneration and the size of the Board. The figures provide a comparison against management fees payable to the Investment Adviser relative to the Company's Net Asset Value ("**NAV**").

A comparison of the Company's remuneration against its competitors was undertaken by the Committee and a view taken on current market conditions, noting the trajectory of inflation rates and the time commitment and activities of the Board. The forthcoming Continuation Vote was also considered.

Total Director Remuneration	£432,500
Investment Adviser Fees	£4,008,937
Investment Adviser Performance Fees	–
NAV at year end	**£801,348,784**

Report of the Remuneration & Nomination Committee
(continued)

Composition, Succession and Evaluation of the Board (continued)

The Remuneration and Nomination Committee recommended, and the Board resolved, that there should be no increase in base remuneration for the financial year commencing 1 October 2023.

	Director base fees p.a. FY/E[1] 2023 £	Director base fees proposed FY/E 2024 £
Chairman – A Haining	120,000[2]	85,000
Audit Committee Chairman/SID – S Coe	67,500	67,500
Risk Committee Chairman – S Holden	67,500	67,500
Valuations Committee Board Representative – T Cruttenden	62,500	62,500
Directors – M O'Connor/A Ewing	57,500	57,500

Anne Ewing
Chairman of the Remuneration and Nomination Committee,
Chrysalis Investments Limited

[1] Financial year end

[2] As notified to shareholders in the prior year reporting, the Senior Independent Director (presently S Coe, as shown) was asked to lead a review of the Chairman's remuneration in Q1 2023 with an anticipated one-off fee to be recommended to the Board. I confirm that a one-off fee was awarded to the Chairman of £35,000 with effect from 1 January 2023 to acknowledge and reflect his considerable time commitment to the Company.

Report of the Management Engagement Committee

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

Please see the MEC's terms of reference on the Company's website, the link is https://chrysalisinvestments.co.uk/wp-content/uploads/2022/11/mec-terms-of-reference-1.pdf

The MEC convened twice during the year ended 30 September 2023. Optimising the cost-effectiveness and operational efficiency of service provision is essential to the Company, especially in the current difficult trading environment. With one exception, the service provision was satisfactory to Company standards.

The MEC's priorities during the past year have been:

i. To ensure appropriate resourcing at and reporting from the Investment Adviser,

ii. To ensure appropriate resourcing for the Valuation process,

iii. To strengthen the self-managed Alternative Investment Fund Manager ("AIFM") function,

iv. To ensure appropriate investor engagement in advance of the Continuation Vote.

During the past year, the Investment Adviser's dedicated finance and ESG resources made excellent progress developing appropriate reporting for the Company and the Risk Committee. During the MEC meeting on 23 September 2023, we noted the need for more strategic analysis about the commercial, technology, and regulatory challenges and opportunities confronting each disruptive technology asset as well as comprehensive reporting about the investment management process going forward.

The Board Chairman continues to serve as the primary point of contact with the Investment Adviser. In consultation with the Board, the MEC, and key advisers, Mr. Haining led a process to negotiate a separation agreement with Jupiter Fund Management PLC ("Jupiter") to enable the Investment Advisory team responsible for managing the Company's assets to form a New Investment Adviser within a new regulated structure. The MEC provided a comprehensive commercial and regulatory framework for the new AdviserCo that anticipates the strategic and operational challenges this experienced team may confront in the new proposed structure.

Following the end of the Company's financial year, a Heads of Terms announcement was made on 27 November 2023, explaining the redrawn structure through which the investment advisory services will be provided and the timing of the proposed Jupiter contract termination on 31 March 2024. Jupiter has agreed to a reduction in the management fee, effective from 1 October 2023, from 50bps to 15bps, leading to an expected saving of approximately £1.4 million for Chrysalis shareholders over the six-month period to 31 March 2024.

Under the Heads of Terms, Jupiter has released the Principals and four other executives from their employment contracts and employment restrictions, effective 31 March 2024. The Board has agreed, in principle, to enter into a tripartite contract with an LLP formed by the Principals to take over investment advisory services from Jupiter, and with G10 – the AIFM platform of the IQEQ fund administration group – to take over AIFM services for the Company, each with effect from 1 April 2024.

The Board exercised its right to obtain independent third-party expert recommendations on Valuations for those assets where the Board or the Valuation Committee believed additional judgments were required.

The Company commissioned Rothschild & Co. to conduct a second annual perception study with shareholders and the Company commissioned Montfort Communications to conduct a media benchmarking analysis. This market analysis will help to inform investor and media relations going forward.

Margaret O'Connor
Chairman of Management Engagement Committee,
Chrysalis Investments Limited

Report of the Risk Committee

I am pleased to present the Report of the Risk Committee (the "Committee") of Chrysalis Investments Limited ("Chrysalis", or the "Company") for the year ended 30 September 2023.

Overview

The terms of reference of the Risk Committee are set out on the Company's website at https://chrysalisinvestments.co.uk/investor-relations/.

The role of the Risk Committee is to ensure that the Board gives proper consideration and assessment of the opportunities, risks and stress scenarios within which the Company operates and to ensure that the recommendations and strategy of the Investment Adviser protect its portfolio of investments.

Specifically, it will:

- Recommend to the Board a Group risk appetite, the principal risks to which the Company is exposed and assess the strength of risk mitigation controls;
- To review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- Monitor key risk exposures ensuring that the Investment Adviser is exercising appropriate control to reduce the likelihood of risk crystallisation resulting in financial loss, reputational damage or regulatory concern;
- Review, challenge, approve and monitor stress and scenario tests;
- Monitor investments so that they are aligned within the agreed risk appetite;
- Review major initiatives such as related party acquisitions or initiatives in new geographies or sectors and be assured that appropriate due diligence has been carried out and that any associated movement in risk profile remains within risk appetite; and Provide oversight and advice to the Board in relation to current and emerging risk exposures of the Company.

The members of the Risk Committee are as follows:

- Simon Holden (Chairman)
- Stephen Coe
- Tim Cruttenden
- Anne Ewing
- Margaret O'Connor
- Andrew Haining (Company Chairman) – invited as an Observer

Status of the Risk Committee

The Company has been a self-managed Alternative Investment Fund ("AIF") since 1 July 2022 and the Committee was constituted on that date. In my last report I commented on the work that the Committee had been doing since its constitution to implement an effective risk governance structure and control framework, along with the development of a reporting process that was fit for purpose.

In January 2023, the Risk Committee presented its first full risk report to the Board and has met quarterly since. During its quarterly meetings the Committee has engaged with the Investment Adviser to refine the risk reporting approach. I am delighted with the step change in both the usability and quality of the reporting since becoming a self-managed AIF and I thank the Investment Adviser and my Committee members for their contribution and engagement throughout the year to get to this point.

The reporting process has developed to a point that the Committee has concluded that it will move to a more typical semi-annual review process for the year ended 30 September 2024. The Investment Adviser will continue to produce a quarterly report and will continue to alert the Committee to material risk indicators on an 'as-arising' basis.

Risk Classes

The Committee reviews the risk profile of the Company under a series of pre-defined risk classes. Each risk class is composed of separately identified and scored risks.

Priority risk classes with highest overall residual risk ratings:

i. **Liquidity Management** – risks to the funding runway and allocation of resources that the Company has available to deploy to support and optimise the value of its investments.

ii. **Relative Performance** – the Company's longer terms sustainability will depend on risk-adjusted returns outperforming adjacent asset classes.

iii. **Financial/ Capital Markets** – risks related to shareholder understanding, confidence in the Company's growth capital mandate and implications of shares trading at a discount to NAV.

iv. **Portfolio Performance** – risks to tracking each portfolio company's progress towards measurable milestones along the 'equity roadmap' and evidence of the strategy and influence over profitable realisations. Movements in the fair values of our holdings have led to an overall increase in the concentration risk within the portfolio during the year.

v. **Portfolio Construction** – ensuring that the portfolio remains sufficiently diversified and that the Investment Adviser's span of control and management of the Company's holdings remains effective. Movements in the fair value of the Company's investments have led to an overall increase in the concentration risk within the portfolio during the year.

vi. **Conflict and Compliance Management** – verification of robust governance in all stakeholder relationships between the Board, the Investment Adviser, Jupiter-managed funds with shared holdings and Jupiter-managed funds with interests in the Company. During the year, the scale of Jupiter's wider fund-management interests in both Chrysalis's shareholders register, and underlying holdings, has reduced considerably. Conflict management procedures are in place and followed but with reduced market liquidity in the growth equity sector, together with wide discounts, marginal buying and selling has an outsize impact on share prices. Consequently, whilst the underlying risk factors have reduced, this risk class remains at a more elevated level of interest to the Committee than last year.

Risk class assessed to be well controlled but with the potential for high impact if crystallised:

vii. **Regulatory and political** – risk monitoring over routine regulatory compliance (e.g., FCA in the UK) and/or politically exposed sectors within which certain portfolio companies must operate.

Risk classes currently judged to have a lower overall residual risk rating:

viii. **The Environment, Social Impact and Good Governance ("ESG")** – the Company's policy is addressed in Environmental, Social and Corporate Governance report of the Annual Report.

ix. **Investment Decisions** – evidence that the Investment Adviser has undertaken appropriate due diligence, risk assessments and origination processes at the point of committing the Company to new investments.

x. **Central Management** – governance, depositary, foreign exchange and treasury risk management controls; some under delegation to specialist third party service providers.

xi. **Valuation** – the Independent Valuation Committee's oversight of the quarterly portfolio valuation and the basis of the Investment Adviser's recommendations when pricing new investments.

Finally, as a standing item, the Risk Committee considers:

xii. **Horizon Risks** – themes emerging that could have an outsize impact or influence on the prospects of clusters of our target sectors and/or portfolio companies.

Report of the Risk Committee
(continued)

Risk Classes (continued)

In October 2023, the Committee reviewed the risk register, approved amended residual risk scoring for each individual risk and risk class and concluded the risk appetite of the Fund remained appropriate with the investment policy.

In the past year, the enhancements to risk management and reporting have helped reduce the Committee's assessment of residual risk across five risk classes. However, greater concentration of value within the portfolio and weaker relative shareholder returns compared with adjacent asset classes has resulted in a higher on-going assessment of residual risk in these areas. Liquidity management remains the Company's priority risk.

As previously announced, the Board's proposed capital allocation policy aims to be able to support our current portfolio, fund a sustainable level of reinvestment in our portfolio, share returns on investment with investors and manage the discount in the market value of the Company's shares to their intrinsic NAV.

Recommendation

I am satisfied that the Risk Committee is discharging its responsibilities proficiently and recommend this report to the Board.

Simon Holden
Chairman of the Risk Committee,
Chrysalis Investments Limited

Directors' Report

The Directors present their Annual Report and the Audited Financial Statements of the Company for the year ended 30 September 2023.

Principal Activities and Business Review

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

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

Business and Tax Status

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

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

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

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

Alternative Investment Fund Managers Directive

The Company is a non-EEA-domiciled 'Alternative Investment Fund' ("AIF"), as defined by the Alternative Investment Fund Managers Directive ("AIFMD"). The Company is a self-managed AIF and JIML acts as Investment Adviser.

The AIFMD, as transposed into the FCA Handbook in the UK, requires that certain pre-investment information be made available to investors in AIFs (such as the Company) and that certain regular and periodic disclosures are made.

Foreign Account Tax Compliance Act ("FATCA")

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

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

Common Reporting Standard

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

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

Going Concern

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, the status of global financial markets, various geopolitical events and conflicts, the current macroeconomic climate and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At year end, the Company has liquidity including a current cash position of £22,626,000, a net current asset position of £20,973,000 and liquid listed investments amounting to £10,284,000.

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments, paying company expenses and making returns to Shareholders. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward-looking liquidity requirements. The Directors Going Concern assessment includes consideration of a range of likely downside scenarios which measure the impact on the Company's liquidity of differing assumptions for portfolio valuation, exits, new and follow-on investment requirements, capital raising and company expenses.

Going Concern (continued)

Under the Articles, at the first annual general meeting of the Company following the fifth anniversary of IPO (such anniversary being 6 November 2023), the Directors must propose an ordinary resolution that the Company continues its business as a closed-ended investment company. At the Company's annual general meeting, scheduled for 15 March 2024, Shareholders will be invited to vote on the continuation of the Company. The Board will recommend that Shareholders vote in favour of continuation. If the resolution is not passed, the Directors will be required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company for Shareholders' consideration within six months following the date on which the resolution is not passed. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly, failure to pass a continuation vote will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments.

At the time of preparation of this report the outcome of the continuation vote is not known. Should the resolution not be passed, and depending on the nature of the recommendation of the Board for the reconstruction, reorganisation or winding-up of the Company, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's continuation as a going concern. The Board operates under the assumption that the resolution will be passed.

Taking all matters into account, the Directors have a reasonable expectation that the Company will continue in operational existence for at least twelve months from the date of approval of the of the Annual Report and Audited Financial Statements and continue to adopt the going concern basis in preparing them.

Viability Statement

The Directors have assessed the viability of the Company over the three-year period to September 2026. The Directors consider that three years is an appropriate period to assess viability given the Company's style of investment and is a sufficient investment time horizon to be relevant to shareholders.

Choosing a longer time period can present difficulties, given the lack of longer-term economic visibility and the need for adaptation that this will inevitably create for the Company and its portfolio.

In their assessment of the viability of the Company, the Directors have considered the Company's principal and emerging risks and uncertainties, organised into Risk Classes by the Risk Committee (pages 59-60).

The Directors have reviewed financial projections which consider:

- Available liquidity (Risk Class 1: Liquidity Management)
- The ability of the Company to raise capital (Risk Class 2: Financial/Capital Market)
- The performance (Risk Class 3: Portfolio Performance) and value of the existing portfolio (Risk Class 11: Valuation)
- The ongoing expenses of the Company

The Directors' considered a severe downside scenario which models:

- A significant economic event, which results in a deterioration of portfolio company performance and a recalibration of public and private markets leading to a compound 25% per annum decrease in the aggregate portfolio value over a three-year economic cycle.
- A sustained discount to NAV which results in the inability of the company to raise new capital.
- Dislocation of public and private markets, including the prolonged closure of the IPO market, resulting in the inability to make portfolio exits.
- A sustained period of inflation of approximately 10% per annum.

Even in this severe downside scenario the company has sufficient liquidity for the next three years to meet its financial obligations.

As previously announced, the Company expects to enter into new arrangements relating to the management of the Company. In summary, with effect from 1 April 2024:

- the appointment of Jupiter Investment Management Limited as portfolio manager and investment adviser to the Company will be terminated; and
- pursuant to a new investment management and advisory agreement becoming effective 1 April 2024:
  - the Company will appoint Chrysalis Investment Partners LLP to act as the Company's investment adviser; and
  - G10 Capital Limited – part of IQ-EQ group's UK Regulatory and AIFM platform - will be appointed as the Company's alternative investment fund manager.

The continuation of the Company is dependent on an investment management and advisory agreement being in place. The appointment of either party under the new agreement may be terminated by giving not less than six months' notice. The Directors do not know of any reason why notice would be served by either party over the period of the viability statement.

As noted above, at the Company's annual general meeting, Shareholders will be invited to vote on the continuation of the Company. The vote therefore takes place during the viability period. The Board will recommend that Shareholders vote in favour of continuation and the Directors operate under the assumption that the resolution will be passed. If the resolution is not passed, the Directors will be required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company for Shareholders' consideration within six months following the date on which the resolution is not passed. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly, failure to pass a continuation vote will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments.

At year end, the Company has liquidity including a current cash position of £22,626,000, a net current asset position of £20,973,000 and liquid listed investments amounting to £10,284,000. This available liquidity would sustain the business over the course of the viability period.

The Directors, having considered the above and having carried out a robust assessment of the principal and emerging risks facing the Company, have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to September 2026.

Results and Dividends

The results attributable to shareholders for the year are shown in the Statement of Comprehensive Income.

The Directors have not declared a dividend for the year (2022: £nil).

Directors

The Directors of the Company who served during the year and to date are set out on pages 48 and 49.

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 30 September 2023, and as at the date of signing these Audited Financial Statements:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2023
Andrew Haining	79,000	0.0133
Stephen Coe	60,909	0.0102
Simon Holden	89,500	0.0150
Anne Ewing	55,000	0.0092
Tim Cruttenden	21,298	0.0036
Margaret O'Connor	–	–
S Cruttenden (son of Tim Cruttenden)	11,530	0.0019

As at 30 September 2022 the following Directors had holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2022
Andrew Haining	79,000	0.0133
Stephen Coe	60,909	0.0102
Simon Holden	89,500	0.0150
Anne Ewing	55,000	0.0092
Tim Cruttenden	21,298	0.0036
Margaret O'Connor	–	–
S Cruttenden (son of Tim Cruttenden)	11,170	0.0019

Directors' Interests (continued)

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

Lord Rockley, Diane Seymour-Williams and Jonathan Biggs receive £40,000 each per annum as members of the Valuation Committee. Lord Rockley, Diane Seymour-Williams and Jonathan Biggs are not Directors of the Company.

The Directors' compensation is reviewed annually and effective 1 October 2023, each Director is paid a basic fee of £57,500 (2022: £52,500) per annum by the Company. In addition to this, the Chairman receives an extra £27,500 (2022: £27,500) per annum. A one-off fee was awarded to the Chairman of £35,000 to acknowledge and reflect his considerable time commitment to the Company The Risk Committee Chairman receives an extra £10,000 per annum and the Audit Committee Chairman receives an extra £10,000 (2022: £10,000) per annum, Mr Cruttenden also receives an additional £5,000 per annum to reflect his position on the Valuation Committee. Refer to page 56 for more information regarding Directors' remuneration.

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 Risk Committee 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 Risk Committee monitors the risk profile of the Company. The Risk Committee also maintains a risk management process to identify, monitor and control risk concentration.

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

The principal risks to which the Company will be exposed are given in note 19 to the Annual Report and Audited Financial Statements.

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

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

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

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

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

To manage such risks the Company shall comply with the investment restrictions and diversification limits provided for in the Prospectus. The Company will invest and manage its assets with the objective of spreading risk. Further to the investment restrictions discussed, the Company also seeks to manage risk by:

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

For further details with respect to the processes for identifying, monitoring and controlling risks to which the Company is exposed, kindly referred to Report of the Risk Committee on pages 58 to 60.

Ongoing Charges

The ongoing charges figure for the year was 0.78%. The ongoing charges represent ongoing annual expenses of £6,669,787 divided by total average Net Asset Value for the year of £788,273,640. The ongoing charges has also been prepared in accordance with the recommended methodology provided by the Association of Investment Companies where investment purchase costs of £515,724 and performance fees of £nil have been excluded and represents the percentage reduction in shareholder returns as a result of recurring operational expenses.

Emerging Risks

Since 7 October 2023 an armed conflict has been ongoing between Israel and Hamas-led Palestinian militant groups, largely in and around the Gaza Strip, the West Bank and on the Israel-Lebanon border. One of the Company's portfolio companies, Deep Instinct, has an operational presence in Tel Aviv, Israel. Notwithstanding the impact the conflict has had in the region to date, Deep Instinct has not experienced material disruption to its operations.

The Board will of course continue to assess the position as the nature of the conflict evolves.

ESG and Climate Change Risks and Considerations

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

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

Further information on how the Board and Jupiter manage the Company's ESG and climate change related risks at the investment portfolio level can be found within the Chairman's Statement on pages 4-8 and the Environmental, Social and Corporate Governance Report on pages 36-41. This includes the integration of ESG analysis into the investment process and the alignment of Jupiter's strategy, purpose and principles to the UN Global Compact.

Portfolio Management and Administration

Portfolio Management Agreement and Fees

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

The Directors have, however, appointed the Investment Adviser to perform portfolio management functions.

Following the end of the Company's financial year, a Heads of Terms announcement was made on 27 November 2023, explaining a redrawn structure through which investment advisory services will be provided, including the timing of the proposed Jupiter contract termination on 1 April 2024. Jupiter has agreed to a reduction in the management fee, effective from 1 October 2023, from 50bps to 15bps, leading to an expected saving of approximately £1.75 million for Chrysalis shareholders over the six-month period to 31 March 2024.

Under the Heads of Term announcement, Jupiter has released the Principals and other executives from their employment contracts and employment restrictions, effective 31 March 2024. The Board has agreed, in principle, to enter into a tripartite contract with an LLP formed by the Principals to take over investment advisory services from Jupiter, and with G10 – the AIFM platform of the IQEQ fund administration group – to take over AIFM services for the Company, each with effect from 1 April 2024.

Administrator

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

Directors' Report
(continued)

Depositary
The Depositary of the Company is Citibank UK Limited.

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

Board Responsibilities
The Board comprises six non-executive Directors, who meet at least quarterly to consider the affairs of the Company in a prescribed and structured manner. All Directors are considered independent of the Investment Adviser for the purposes of the AIC Code and Listing Rule 15.2.12A. Biographies of the Directors for the year ended 30 September 2023 appear on pages 48 and 49 which demonstrate the wide range of skills and experience they bring to the Board.

The Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense, which is in accordance with principle 13 of the AIC Code. The Directors also have access to the advice and services of the Company Secretary through its appointed representatives who are responsible to the Board for ensuring that the Board's procedures are followed, and that applicable rules and regulations are complied with.

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

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

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

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

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

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

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

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

Details of the Directors' remuneration can be found in note 20 and page 56.

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

Risk Committee
Simon Holden is the Chairman of the Risk Committee. A full report regarding the Risk Committee can be found in the Risk Committee Report.

Valuation Committee
Lord Rockley is the Chairman of the Valuation Committee with Tim Cruttenden, Diane Seymour-Williams and Jonathan Biggs as members.

Substantial Shareholdings
On 31 December 2023, the latest practicable date for disclosure in this Annual Report, the Company did not have any shareholders with a holding greater than 10%.

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

In line with principle 16 of the AIC Code, the Investment Adviser communicates with both the Chairman and shareholders and is available to communicate and meet with major shareholders. The Company has also appointed Liberum Capital Limited to liaise with all major shareholders together with the Investment Adviser, all of whom report back to the Board at quarterly board meetings ensuring that the Board is fully aware of shareholder sentiment, expectations and analyst views.

The Company's website, which is maintained by the Investment Adviser, is regularly updated with news and announcements. Information published online is accessible in many countries each with differing legal requirements relating to the preparation and dissemination of financial information. Users of the Company's website is responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

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

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

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

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

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

Signed on behalf of the Board by:

Andrew Haining
Chairman
28 January 2024

Statement of Directors' Responsibilities

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

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

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

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Audited Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Disclosure of Information to Auditors

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

Responsibility statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report (comprising the Chairman's Statement, the Investment Adviser's Report, and Directors' Report) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

Signed on behalf of the Board by:

Andrew Haining
Chairman
28 January 2024

Audit Committee Report

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

Membership and Role of the Committee

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

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

The continuation of the Auditor was considered and the Board subsequently decided that the Auditor was sufficiently independent and was appropriately appointed in order to carry out the audit of the Company for the year ended 30 September 2023. Appointment of the Auditor will be reviewed each year before the AGM. The level of non-audit versus audit services is monitored. The table below summarises the remuneration for services provided to the Company to KPMG Channel Islands Limited ("KPMG") for audit and non-audit services during the year ended 30 September 2023.

	30 September 2023	30 September 2022
Annual audit fee	135,000	135,000
Reporting accountant services	15,000	–
Interim review	45,000	40,000
	195,000	**175,000**

Non-audit services provided in the year arose in connection with the review of the Company's interim financial statements and the provision of reporting accountant services in respect of the preparation by the Company of a related party circular regarding proposed amendments to the Company's performance fee payable under the terms of a portfolio management agreement to Jupiter Asset Management Limited. Notwithstanding such services, the Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the auditor as appropriate safeguards are in place.

Internal Control

The Company is responsible for the process surrounding the valuation of its investment portfolio. The Company has delegated these processes to its independent Valuation Committee which reviews third party valuations of unlisted investments. The Audit Committee liaises with the Valuation Committee regularly and reviews minutes of Valuation Committee meetings. For all other processes of the Company responsibility for internal control lies within the services provided by JIML and other service providers. These controls are monitored by the Board reviewing and challenging reports from these service providers and through segregation of duties between them. The Audit Committee monitors the financial reporting process and tasks undertaken in the production of the Annual Report and Audited Financial Statements.

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

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

The custody of financial assets is undertaken by Citibank UK Limited.

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

Fair Value Estimation

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

Audit Committee Report

(continued)

- Independent third-party valuation firms are engaged to provide assistance, advice, assurance, and documentation in relation to the portfolio valuations. Valuations are then submitted to the portfolio managers and the Company's Valuation Committee for review. The Board reviews these portfolio valuations on a regular basis throughout the year. The Company is a self-managed Alternative Investment Fund. The Risk Committee and an Independent Valuation Committee were appointed. The Audit Committee's ultimate responsibility is to review the portfolio valuations.
- The Audit Committee receives and reviews reports from the Investment Adviser and the Auditor relating to the Company's Annual Report. The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the Listing Rules and ensures that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the Annual Report remains with the Board.
- Reporting to the Board on the significant judgment made in the preparation of the Company's Annual Report and Audited Financial Statements and recommending valuations of the Company's investments to the Board.
- The Audit Committee will recommend the Board and or Independent Valuation Committee engages independent valuers for specific assets where it considers it appropriate.

Continuation vote

In addition to the above the Audit Committee paid particular attention during the year to the continuation vote that is to be presented at the 2024 AGM. In reaching its conclusion the Audit Committee reviewed the AIC SORP which states that it is more appropriate to prepare financial statements on a going concern basis unless a vote has already been triggered and shareholders have voted against continuation. The SORP guidance goes on to state that it is appropriate for the financial statements to be prepared on a going concern basis whilst making a material uncertainty disclosure as set out in accounting standards.

External Audit

The Audit Committee will hold an annual meeting to approve the Company's Annual Report and Audited Financial Statements before its publication. During the current year the Audit Committee met with the Auditor to discuss the audit plan and approach.

During this meeting it was agreed with the Auditor that the area of significant audit focus related to the valuation of investments given that they represent the majority of net assets of the Company and their valuation involves significant judgement. The scope of the audit work in relation to this asset class was discussed. The Auditor has also identified the Company's going concern status as an area of focus. The Audit Committee reviews cash flow and working capital reports as part of the review of annual and semi-annual financial statements, together with taking into consideration significant events such as the continuation vote. At the conclusion of the audit, the Audit Committee met with the Auditor and discussed the scope of their annual audit work and their audit findings.

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

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

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

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

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

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

During the year the Audit Committee met three times with all members present (refer to Director Attendance on page 51).

Reappointment of Auditor

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

Stephen Coe
Chairman of the Audit Committee,
Chrysalis Investments Limited
28 January 2024

Independent Auditor's Report

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

Our opinion is unmodified

We have audited the financial statements of Chrysalis Investments Limited (the "Company"), which comprise the statement of financial position as at 30 September 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2023, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

Material uncertainty relating to going concern

The risk	Our response
Going concern Refer to Director's Report on pages 61 and 62 and Audit Committee report on page 70. We draw attention to note 2 (b) to the financial statements which indicates that the Company is obliged to hold a continuation vote at the 2024 Annual General Meeting of Shareholders. This condition constitutes a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. **Disclosure quality:** The financial statements explain how the Board has formed a judgment that it is appropriate to adopt the going concern basis of preparation for the Company. That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements, in particular in relation to the continuation vote. The risk for our audit is whether or not those risks are such that they amounted to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. If so, that fact is required to be disclosed (as has been done) and, along with a description of the circumstances, is a key financial statement disclosure.	**Our procedures included, but were not limited to:** • We obtained and inspected a Board approved written assessment of going concern on the Company and corroborated the assessment with our knowledge of the business. • We considered the risk that the outcome of the continuation vote could affect the Company for at least a year from the date of approval of the financial statements (the "going concern period") by inspecting minutes of meetings held by the directors, inquiring with management as to their assessment of the likelihood of uptake of the continuation vote, and considering key financial metrics including the discount of the Company's share price against its net asset value. **Assessing disclosures:** We considered whether the going concern disclosure in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Other key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in the 'Material uncertainty relating to going concern' section of our report.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the other key audit matter was as follows (unchanged from 2022):

Valuation of investments held at fair value through profit or loss

£780,376,000 (2022: £822,363,000)

Refer to page 70 of the Audit Committee Report, notes 2(i), 3, 11 and 19

The risk	Our response
Basis: The Company's investments are classified, recognised and measured at fair value through profit or loss in accordance with IFRS 9. The investments comprise of equity and equity-related instruments in quoted and unquoted companies and represent 97% (2022: 93%) of the Company's net assets as at 30 September 2023. The Company's unlisted investments, with a value of £770,092,000 (the "Unlisted Investments"), are valued by using recognised valuation methodologies and models, in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The Company utilises independent third party valuation firms (the "Valuation Agents") to assist and advise on their valuation process. The Company's listed investment, with a value of £10,284,000 (the "Listed Investment"), is valued by the Company based on the quoted market bid price in an active market for that instrument. **Risk:** The valuation of the Company's investments is a significant area of our audit, given that it represents a significant portion of the net assets of the Company. The valuation risk of the Unlisted Investments incorporates both a risk of fraud and error given the significance of estimates and judgements that may be involved in the determination of fair value. On the basis of the above we determined that the valuation of Unlisted Investments have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 19 the sensitivities estimated by the Company.	Our audit procedures included but were not limited to: **Internal Controls:** We assessed the design and implementation of the control in place over the valuation of the Company's Unlisted Investments. **Challenging managements' assumptions and inputs including use of our KPMG valuation specialist:** For the Unlisted Investments, with the support of our KPMG valuation specialist, we: • assessed the scope of the services provided by the Valuation Agents in relation to the Unlisted Investments as well as the objectivity, capabilities and competence of the Valuation Agents; • held discussions with the Investment Adviser and the Valuation Agents and attended, in an observation capacity, a meeting of the Board of Directors of the Company, to understand the valuation approach; • read the valuation reports and memoranda produced by the Valuation Agents and by the Investment Adviser; • read the minutes of meetings of the Company's Valuation Committee and Board of Directors where the Unlisted Valuations were discussed; • assessed the appropriateness of the valuation approach and methodology applied to each Unlisted Investment; • benchmarked the assumptions used in the valuation models employed to observable market data (where possible); • obtained an understanding of how the impact of global economic factors and the resultant increase in uncertainty have been reflected in the valuation of the Unlisted Investments; and • corroborated material investee company inputs and recent investment transactions used in the valuation models to supporting documentations. Our KPMG valuation specialist independently priced the Listed Investment to a third party pricing source. **Assessing disclosures:** We also considered the Company's disclosures (see notes 3 and 19) in relation to the use of estimates and judgements regarding the valuation of investments and the Company's investment valuation policies adopted in note 2(i) and fair value disclosures in note 19 for compliance with IFRS.

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

(continued)

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

Materiality for the financial statements as a whole was set at £16,000,000, determined with reference to a benchmark of net assets of £801,349,000, of which it represents approximately 2.0% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £12,000,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £800,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. As stated in the 'material uncertainty relating to going concern' section of our report, they have also concluded that there is a material uncertainty relating to going concern.

An explanation of how we evaluated the directors' assessment is set out in the 'material uncertainty relating to going concern' section of our report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Company's use of that basis for the going concern period

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

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

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

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

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

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

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

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

(continued)

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

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

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

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

Other information

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

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

Disclosures of emerging and principal risks and longer term viability

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

- the directors' confirmation within the Viability Statement (pages 62 to 63) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (pages 62 to 63) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on pages 62 to 63 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

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

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

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

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

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

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

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

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

(continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 68, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barry Ryan
For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors
Guernsey

28 January 2024

Financial Statements

Statement of Comprehensive Income

For the year ended 30 September 2023

		Year ended 30 September 2023			Year ended 30 September 2022		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investments							
Net losses on investments held at fair value	11	–	(72,660)	(72,660)	–	(610,180)	(610,180)
Net (losses)/gains on currency movements		–	(33)	(33)	–	215	215
Net investment losses		**–**	**(72,693)**	**(72,693)**	**–**	**(609,965)**	**(609,965)**
Interest income	5	1,127	3	1,130	71	–	71
Gain on settlement of financial liability	6	–	–	–	–	17,907	17,907
Total income		**1,127**	**3**	**1,130**	**71**	**17,907**	**17,978**
Investment management and performance fees	6	(4,009)	–	(4,009)	(6,093)	–	(6,093)
Other expenses	7	(2,661)	–	(2,661)	(3,199)	–	(3,199)
Losses before finance costs and taxation		**(5,543)**	**(72,690)**	**(78,233)**	**(9,221)**	**(592,058)**	**(601,279)**
Finance costs	8	–	–	–	(13)	–	(13)
Losses before taxation		**(5,543)**	**(72,690)**	**(78,233)**	**(9,234)**	**(592,058)**	**(601,292)**
Tax expense		–	–	–	–	–	–
Total losses and comprehensive loss for the year		**(5,543)**	**(72,690)**	**(78,233)**	**(9,234)**	**(592,058)**	**(601,292)**
Basic and diluted Loss per Ordinary Share (pence)	9	(0.94)	(12.21)	(13.15)	(1.59)	(101.65)	(103.24)

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

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

All items in the above statement derive from continuing operations.

The notes on pages 84 to 112 form an integral part of these Audited Financial Statements.

Statement of Financial Position

As at 30 September 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investments held at fair value through profit or loss	11	**780,376**	**822,363**
Current assets			
Cash and cash equivalents	12	22,626	58,712
Other receivables	13	50	69
Unsettled trades	14	–	3,791
		22,676	**62,572**
Total assets		**803,052**	**884,935**
Current liabilities			
Performance fee payable	6	–	–
Management fee payable	6	(1,022)	(4,306)
Other payables	15	(681)	(1,047)
Total liabilities		**(1,703)**	**(5,353)**
Net assets		**801,349**	**879,582**
Equity			
Share Capital	16	860,890	860,890
Capital reserve		(31,328)	41,362
Revenue reserve		(28,213)	(22,670)
Total equity		**801,349**	**879,582**
Net Asset Value per Ordinary Share (pence)	17	134.65	147.79
Number of Ordinary Shares in issue	16	595,150,414	595,150,414

Approved by the Board of Directors and authorised for issue on 28 January 2024 and signed on their behalf:

Stephen Coe
Director

The notes on pages 84 to 112 form an integral part of these Audited Financial Statements.

Statement of Changes in Equity

For the year ended 30 September 2023

	Share Capital	Capital Reserve	Revenue Reserve	Total
	£'000	£'000	£'000	£'000
At 30 September 2021	**758,950**	**633,420**	**(13,436)**	**1,378,934**
Total losses and comprehensive loss for the year	–	(592,058)	(9,234)	(601,292)
Share issue	102,614	–	–	102,614
Share issue costs	(674)	–	–	(674)
At 30 September 2022	**860,890**	**41,362**	**(22,670)**	**879,582**
Total losses and comprehensive loss for the year	–	(72,690)	(5,543)	(78,233)
At 30 September 2023	**860,890**	**(31,328)**	**(28,213)**	**801,349**

The notes on pages 84 to 112 form an integral part of these Audited Financial Statements.

Statement of Cash Flows

For the year ended 30 September 2023

		2023	2022
	Notes	£'000	£'000
Cash flows from operating activities			
Cash used in operating activities	18	(10,330)	(59,330)
Interest paid	8	–	(13)
Interest income	5	1,130	71
Purchase of investments	11	(46,305)	(93,663)
Sale of investments	11,14	19,423	117,527
Net (gains)/losses on currency movements		(33)	215
Net cash outflow from operating activities		**(36,115)**	**(35,193)**
Cash flows from financing activities			
Issue of ordinary shares	16	–	59,999
Share issue costs	16	–	(674)
Repayment of loan payable		–	(15,000)
Net cash inflow from financing activities		**–**	**44,325**
Net (decrease)/increase in cash and cash equivalents		**(36,115)**	**9,132**
Cash and cash equivalents at beginning of year		58,712	49,794
Net gains/(losses) on cash currency movements		29	(214)
Cash and cash equivalents at end of year	12	**22,626**	**58,712**
Cash and cash equivalents comprise of the following:			
- Cash at bank		4,382	58,712
- Treasury bills		18,244	–
		22,626	**58,712**

The notes on pages 84 to 112 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements

For the year ended 30 September 2023

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 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

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 2020, as amended and the Registered Closed-ended Investment Scheme Rules 2021.

The Company's 595,150,414 shares in issue (per note 16) 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 Company invests in a diversified portfolio consisting primarily of equity and equity-related securities issued by unquoted companies.

The Company is a self-managed Alternative Investment Fund ("AIF") and received discretionary portfolio management services directly from Jupiter Investment Management Limited ("JIML") during the year ended 30 September 2023. The administration of the Company is delegated to Apex Administration (Guernsey) Limited (formerly Maitland Administration (Guernsey) Limited), an Apex Group company ("Apex") (the "Administrator").

2. Significant Accounting Policies

(a) Basis of Accounting

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

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

(b) Going Concern

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, the status of global financial markets, various geopolitical events and conflicts, the current macroeconomic climate and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At year end, the Company has liquidity including a current cash position of £22,626,000, a net current asset position of £20,973,000 and liquid listed investments amounting to £10,284,000.

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments, paying company expenses and making returns the Shareholders. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward-looking liquidity requirements. The Directors Going Concern assessment includes consideration of a range of likely downside scenarios which measure the impact on the Company's liquidity of differing assumptions for portfolio valuation, exits, new and follow-on investment requirements, capital raising and company expenses.

Under the Articles, at the first annual general meeting of the Company following the fifth anniversary of IPO (such anniversary being 6 November 2023), the Directors must propose an ordinary resolution that the Company continues its business as a closed-ended investment company. At the Company's annual general meeting, scheduled for 15 March 2024, Shareholders will be invited to vote on the continuation of the Company.

The Board will recommend that Shareholders vote in favour of continuation and operate under the assumption that the resolution will be passed. If the resolution is not passed, the Directors will be required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company for Shareholders' consideration within six months following the date on which the resolution is not passed. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly, failure to pass a continuation vote will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments.

At the time of preparation of this report the outcome of the continuation vote is not known. Should the resolution not be passed, and depending on the nature of the recommendation of the Board for the reconstruction, reorganisation or winding-up of the Company, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's continuation as a going concern. The Board operates under the assumption that the resolution will be passed.

Taking all matters into account, the Directors have a reasonable expectation that the Company will continue in operational existence for at least twelve months from the date of approval of the of the Annual Report and Audited Financial Statements and continue to adopt the going concern basis in preparing them.

(c) Functional and Presentation currency

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

(d) Segmental Reporting

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

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

(e) Income

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

(f) Expenses

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

(g) Dividends to Shareholders

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

(h) Taxation

The Company has been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 amended by the Director of Income Tax in Guernsey for the current year. Exemption is applied and granted annually and subject to the payment of a fee, currently £1,200 (2022: £1,200).

(i) Financial Instruments

Classification

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

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

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

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

Financial assets held at amortised cost

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

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

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

Financial assets at fair value through profit or loss

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

2. Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

In respect of unquoted instruments, including associates, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVC"), revised December 2022.

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

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

The Company considers it impractical to perform an in-depth valuation analysis for every unquoted investment on a daily basis (whether internally or with the assistance of an independent third party). Therefore, it is expected that an in-depth valuation of each investment will be performed independently by an independent third-party valuation firm: (i) on a quarterly basis; and (ii) where the Company, in conjunction with its advisors, determines that a Triggering Event has occurred.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The change in fair value is recognised in profit or loss and is presented within the "net gains/(losses) on investments held at fair value through profit or loss" in the Statement of Comprehensive Income.

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

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

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

Recognition and derecognition of financial assets

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

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

Equity instruments

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

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

Derecognition of financial liabilities

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

(j) Cash and Cash Equivalents

Cash comprises cash and demand deposits. Cash equivalents, which may include UK treasury bills, are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Included in cash and cash equivalents at the year end was cash at bank of £4,382,000 and treasury bills of £18,244,000. Refer to note 12 for further details of the cash balance held at 30 September 2023.

(k) Other Receivables

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

(l) Foreign Currency

Transactions and balances

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

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date fair value is measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the year in which they arise. Transactions denominated in foreign currencies are translated into pound sterling (£) at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

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

(m) Capital Reserve

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

(n) Revenue Reserve

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

(o) Investment entities

In accordance with IFRS 10 an investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital application, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors are satisfied that the Company meets each of these criteria and hence is an investment entity in accordance with IFRS 10.

3. Use of Estimates and Critical Judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. There were no significant accounting estimates or significant judgements in the current year, except for the use of estimates in the valuation of the unquoted investments detailed in note 19.

4. New and Revised Standards

The following standards have been released but are not yet effective and hence have not been applied in preparing the Company's financial statements for the year ended 30 September 2023. The Directors have considered their impact and have concluded that they will not have a material impact on the Company's financial statements.

- IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
  The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
  Effective date - 1 January 2023
- IAS 1 - Presentation of Financial Statements
  Classification of Liabilities as Current or Non-current: The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
  Effective date – 1 January 2024
- IAS 21 — The Effects of Changes in Foreign Exchange Rates
  On 15 August 2023, the IASB issued 'Lack of Exchangeability (Amendments to IAS 21)' to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
  Effective date - 1 January 2025

5. Interest Income

	2023	2022
	£'000	£'000
Interest accounted for using the effective interest rate method on assets held at fair value through profit or loss (FVTPL):[1]	**3**	**60**
Interest on assets held at amortised cost:		
Cash at bank	255	11
UK treasury bills	872	–
	1,130	**71**

6. Investment Management Fees

	2023	2022
	£'000	£'000
Jupiter Unit Trust Managers Limited ("JUTM")	11	4,915
Jupiter Investment Management Limited ("JIML")	3,998	1,178
Total investment management fees	**4,009**	**6,093**

On 1 July 2022, the Company became a self-managed AIF. Since that date the company has procured portfolio management services directly from Jupiter Investment Management Limited.

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.

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 30 September 2023, an amount of £nil (2022: £3,128,000) to JUTM and £1,022,000 (2022: £1,178,000) to JIML were outstanding and due in respect of management fees.

1 The amount of £3,438 relates to a residual amount of interest received in the year ended 30 September 2023 on a loan which converted in the year ended 30 September 2021.

Notes to the Audited Financial Statements

For the year ended 30 September 2023

(continued)

6. Investment Management Fees (continued)

Performance Fee

In accordance with an agreement between the Company and JUTM dated 29 November 2021 (the "Agreement"), the Company settled 54% (£60,522,000) of the performance fee due to JUTM for the year ended 30 September 2021 in ordinary shares issued by the Company. The remaining 46% (£51,555,000) of the performance fee amount was settled in cash.

The value of the 22,667,415 ordinary shares issued under the Agreement on 28 January 2022 was £42,615,000. The difference between the value of the liability settled through the issuance of ordinary shares and the value of the shares issued on 28 January 2022, being £17,907,000, was recognised within gains on settlement of financial liability within the Statement of Comprehensive Income during the year ended 30 September 2022.

For the year ended 30 September 2023, JIML was 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 2022 and ending on 30 September 2023 (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 redemption or repurchases over the relevant period.

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

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

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 30 September 2023, the Company had not exceeded the High Water Mark and Performance Hurdle and no accrual (2022: £nil) for performance fees has been reflected within these Audited Financial Statements. The amount of £nil (2022: £nil) was outstanding and due to JIML in respect of performance fee payable as at 30 September 2023.

Notes to the Audited Financial Statements

For the year ended 30 September 2023
(continued)

7. Other Expenses

	2023	2022
	£'000	£'000
Administration fee	210	267
AIFM fee	–	433
Auditor's remuneration for:		
- audit fees (current year)	135	135
- audit fees (under accrual in prior year)	10	4
- non-audit fees	60	40
Committee fees	151	79
Depositary fees	63	87
Directors' expenses	15	6
Directors' fees	433	345
Directors' liability insurance	68	68
FCA fees	31	31
Legal fee and professional fees:		
- ongoing operations	313	826
- valuation fees	281	152
- due diligence fees	77	160
- fees relating to purchases of investments	516	275
Listing fees	31	53
Loan commitment fee	–	9
Printing fees	44	32
Registrars' fees	33	42
Secretarial fees	45	41
Sundry	145	114
	2,661	**3,199**

8. Finance Costs

	2023	2022
	£'000	£'000
Bank interest	–	1
Loan interest	–	12
	–	**13**

9. Losses per ordinary share

	30 September 2023		30 September 2022	
	Net return £'000	Per share pence	Net return £'000	Per share pence
Revenue return	(5,543)	(0.94)	(9,234)	(1.59)
Capital return	(72,690)	(12.21)	(592,058)	(101.65)
	(78,233)	**(13.15)**	**(601,292)**	**(103.24)**
Weighted average number of Ordinary Shares		595,150,414		582,448,943

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

10. Dividends

The Board has not declared a dividend (2022: £nil).

Notes to the Audited Financial Statements

For the year ended 30 September 2023
(continued)

11. Investments held at fair value through profit or loss

	2023	2022
	£'000	£'000
Opening book cost	731,095	758,013
Opening investment holding unrealised gains	91,268	702,185
Opening valuation	**822,363**	**1,460,198**
Movements in the year:		
Purchases at cost	46,305	93,663
Sales proceeds	(15,632)	(121,318)
Net losses on investments held at fair value	(72,660)	(610,180)
Closing valuation	**780,376**	**822,363**
Closing book cost	761,768	731,095
Closing investment holding unrealised gains	18,608	91,268
Closing valuation	**780,376**	**822,363**

Movement in unrealised gains during the year	249,567	130,434
Movement in unrealised losses during the year	(292,492)	(741,351)
Realised loss on sale of investments	(36,558)	(55,742)
Realised gain on sale of investments	6,823	56,479
Net losses on investments held at fair value through profit or loss	**(72,660)**	**(610,180)**

The Company holds all its investments at fair value through profit or loss. Investments held by the Company on 30 September 2023 where the ownership interest exceeded 20% were as follows:

Name	Principal place of business	Principal activity	Ownership interest %
Cognitive Logic Inc.	United States	Trading company	20-30%
Sorted Holdings Limited	United Kingdom	Trading company	20-30%
Growth Street Holdings Limited	United Kingdom	In liquidation	30-40%
Rowanmoor Group Limited	United Kingdom	In wind down	20-30%

12. Cash and Cash Equivalents

	2023	2022
	£'000	£'000
Cash and cash equivalents comprise of the following:		
Cash at bank	4,382	58,712
Treasury bills	18,244	–
	22,626	**58,712**

13. Other Receivables

	2023	2022
	£'000	£'000
Prepayments and accrued income	50	69
	50	**69**

14. Unsettled Trades

No trades remained unsettled at 30 September 2023. On 30 September 2022, the Company sold 566,927 shares in Wise PLC for a consideration of £3,791,154. The transaction was settled on 4 October 2022.

15. Other payables

	2023	2022
	£'000	£'000
Administration fees	53	60
AIFM fees	–	287
Audit fees	150	135
Pricing review fees	290	267
Custodian fees	16	18
Other creditors	172	280
	681	**1,047**

16. Share Capital

	No of shares	£'000
Ordinary Shares at no par value		
At 30 September 2021	**547,273,076**	**758,950**
Issue of shares	47,877,338	102,614
Issue costs	–	(674)
At 30 September 2022	**595,150,414**	**860,890**
Issue of shares	–	–
Issue costs	–	–
At 30 September 2023	**595,150,414**	**860,890**

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. There were no changes for the year in the share capital of the Company.

Included within the value of shares issued during the year ended 30 September 2022 is £42,615,000 relating to shares issued to JUTM in settlement of the performance fee payable at 30 September 2021.

17. Net Asset Value per Ordinary Share

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

	30 September 2023		30 September 2022	
	NAV per share pence	NAV attributable £'000	NAV per share pence	NAV attributable £'000
Ordinary Shares: basic and diluted	134.65	801,349	147.79	879,582

The Net Asset Value per Ordinary Share is based on 595,150,414 (2022: 595,150,414) Ordinary Shares, being the number of Ordinary Shares in issue at the year end.

18. Cash used in operating activities

	2023	2022
	£'000	£'000
Total losses for the year	(78,233)	(601,292)
Net losses on investments held at fair value through profit or loss	72,660	610,180
Gain on settlement of financial liability	–	(17,907)
Interest income	(1,130)	(71)
Finance costs	–	13
Net losses/gains on currency movements	4	(1)
Movement in working capital		
Decrease in other receivables	19	358
Decrease in payables (excluding loan payable and settlement of performance fees through the issuance of shares - see note 6)	(3,650)	(50,610)
	(10,330)	**(59,330)**

19. Financial Instruments and Capital Disclosures

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

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

19. Financial Instruments and Capital Disclosures (continued)

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

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

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

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

Level 2 inputs include the following:

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

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

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

At 30 September 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	10,284	–	–	10,284
Unquoted equity	–	–	770,092	770,092
	10,284	**–**	**770,092**	**780,376**

At 30 September 2022

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted equity	20,317	–	–	20,317
Unquoted equity	–	–	802,046	802,046
	20,317	**–**	**802,046**	**822,363**

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 2023

Fair Value as at 30 September 2023 (£000s)	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity %	Sensitivity to changes in significant unobservable inputs
728,177	Market approach using comparable traded multiples	EV/LTM[1] Revenue multiples EV/2023E Revenue multiples EV/2024E Revenue multiples EV/2025E Revenue multiples EV/2026E Revenue multiples	0.23 – 19.09x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £112,340,325 / - £127,156,208
25,030	Recent Transaction Price	N/A	N/A	N/A	N/A
16,506	Scenario Analysis	Probability	79%	25%	If probability changed by +/- 25%, the value of the companies in this group would change by - £16,505,837 / + £19,342,778
316	Expected Proceeds	N/A	N/A	N/A	N/A
63	Wind Down	N/A	N/A	N/A	N/A

1 EV – Enterprise Value
LTM – Last Twelve Months

19. 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 item:

Unlisted Investments 2022					
Fair Value as at 30 September 2022 (£000s)	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**	**Sensitivity %**	**Sensitivity to changes in significant unobservable inputs**
447,933	Market approach using comparable traded multiples	EV/2022E revenue multiples EV/LTM revenue multiples EV/2023E revenue multiples	0.13 – 25.79x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £42,745,628 / - £41,842,136
113,394	Market approach using price to book ratios	Price/2022E Book multiple	0.35 – 4.41x	25%	If multiples changed by +/- 25%, the value of the companies in this group would change by + £39,701,835 / - £34,903,560
177,016	Recent transaction price	N/A	N/A	N/A	N/A
45,065	Scenario Analysis	Probability	17–100%	25%	If probability changed by +/- 25%, the value of the companies in this group would change by + £21,124,669 / - £21,124,669
18,429	Option Pricing	Underlying Asset Value	N/A	25%	If the underlying asset values changed by +/- 25%, the value of the companies in this group would change by + £3,816,379 / - £3,893,347
209	Wind Down	N/A	N/A	N/A	N/A

The Company has an established control framework with respect to the measurement of fair values. The Company's Investment Adviser provides discretionary portfolio management services, while the Company assumes direct responsibility for the valuation process.

The Company's Valuation Committee regularly reviews significant unobservable inputs and valuation adjustments. Valuations are prepared by an independent third party valuer and the Valuation Committee assesses the evidence prepared to support the conclusion that these valuations meet the requirements of the standards, including 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:

	2023	**2022**	**2023**	**2022**
	Level 1 £'000	**Level 1 £'000**	**Level 3 £'000**	**Level 3 £'000**
Opening balance	20,317	236,756	802,046	1,223,442
Transferred to/(from) Level 1/(Level 3)	–	(4,961)	–	4,961
Purchases	–	15,219	46,305	78,444
Sales	(10,263)	(49,478)	(5,369)	(71,840)
Total gains/(losses) included in net gains on investments in the statement of comprehensive income				
- on assets sold	6,826	(42,763)	(36,556)	43,500
- on assets held at year end	(6,596)	(134,456)	(36,334)	(476,461)
	10,284	**20,317**	**770,092**	**802,046**

During the period ended 30 September 2022, Revolution Beauty was moved to Level 3 from Level 1 due to being suspended on the London Stock Exchange and no longer valued using a quoted share price in the prior year. There have been no transfers between levels in the current year. The change in unrealised gains or losses (net loss) for the period included in the Statement of Comprehensive Income relating to those Level 3 assets held at the reporting date amounts to a net loss of £36,334,000 (2022: net loss of £427,998,000).

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

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

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

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

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

19. Financial Instruments and Capital Disclosures (continued)

Other Price Risk

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

If the investment portfolio valuation rose or fell by 25% at 30 September 2023 (25% at 30 September 2022), the impact on the net asset value would have been £195,093,937 (2022: £205,590,626). The calculations are based on the investment portfolio valuation as at the Statement of Financial Position date and are not necessarily representative of the year as a whole.

Interest Rate Risk

As at 30 September 2023 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2023
	In one year or less £'000	Greater than one year £'000	Total £'000
Cash and cash equivalents	22,626	–	22,626
Total	**22,626**	**–**	**22,626**

As at 30 September 2022 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

			2022
	In one year or less £'000	Greater than one year £'000	Total £'000
Cash and cash equivalents	58,712	–	58,712
Total	**58,712**	**–**	**58,712**

Liquidity and Interest Risk Tables

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

					2023
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Cash	Daily bank rate	4,382	–	–	4,382
UK treasury bills	Yield to maturity	18,244	–	–	18,244
Sorted Holdings Convertible Loan Note	Default interest free[1]	316			316
Other receivables	Interest free	50			50
		22,992	**–**	**–**	**22,992**

					2022
	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Cash	Daily bank rate	58,712	–	–	58,712
Other receivables and unsettled treads	Interest free	3,860	–	–	3,860
		62,572	**–**	**–**	**62,572**

1 The loan can be converted to shares at any time by the Company and accrues interest at 10% per annum. Any interest accruing will be recognised on conversion.

19. Financial Instruments and Capital Disclosures (continued)

Liquidity and Interest Risk Tables (continued)

					2023
	Interest rate %	**Year 1**	**Year 1 – 2**	**Over 2 years**	**Total**
Liabilities					
Other current liabilities	Interest free	1,703	–	–	1,703
		1,703	**–**	**–**	**1,703**

					2022
	Interest rate %	**Year 1**	**Year 1 – 2**	**Over 2 years**	**Total**
Liabilities					
Other current liabilities	Interest free	5,353	–	–	5,353
		5,353	**–**	**–**	**5,353**

Foreign Currency Risk

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

Foreign currency exposure:

				2023
	Investments £'000	**Cash £'000**	**Debtors £'000**	**Creditors £'000**
US dollar	199,132	10	–	3
Euro	185,785	16	–	–
Swedish krona	56,913	3,581	–	–
Swiss Franc	2,848	–	–	–
Total	**444,678**	**3,607**	**–**	**3**

				2022
	Investments £'000	**Cash £'000**	**Debtors £'000**	**Creditors £'000**
US dollar	260,583	58	–	2
Euro	154,943	10	–	–
Swedish krona	56,135	290	–	–
Total	**471,661**	**358**	**–**	**2**

During the year pound sterling weakened by an average of 4.85% against all of the currencies in the investment portfolio (weighted for exposure at 30 September 2023). In a similar scenario, where the value of pound sterling had strengthened against each of the currencies in the portfolio by 5% (2022: 5%), the impact on the Net Asset Value would have been negative £21,175,126 (2022: negative £22,460,066). If the value of pound sterling had weakened against each of the currencies in the investment portfolio by 5% (2022: 5%), the impact on the Net Asset Value would have been positive £23,404,082 (2022: positive £24,824,284). The calculations are based on the investment portfolio valuation and cash balances as at the year end and are not necessarily representative of the year as a whole.

19. Financial Instruments and Capital Disclosures (continued)

Credit Risk

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

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

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

	2023	2022
	£'000	£'000
Cash and cash equivalents	22,626	58,712
Sorted Holdings Convertible Loan Note	316	–
Other receivables	50	69
Unsettled trades	–	3,791
	22,992	**62,572**

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

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

Cash of £4,091,027, $10,373, CHF70, SEK3,580,960 and €15,720 was held with Citibank UK Limited at year end.

The credit rating of Citibank UK Limited was A-1 at the year end[1].

Liquidity Risk

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

The Company invests in a number of unquoted securities which are not readily realisable. These investments make up 97% (2022: 91%) of the net assets as at 30 September 2023.

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

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

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

				2023
	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	Total £
Assets				
Cash and cash equivalents	26,626	–	–	26,626
Sorted Holdings Convertible Loan Note	316	–	–	316
Other receivables	50	–	–	50
Liabilities				
Other current liabilities	(1,703)	–	–	(1,703)
Total	**25,289**	**–**	**–**	**25,289**

				2022
	Up to 3 months £	Between 3 and 12 months £	Between 1 and 5 years £	Total £
Assets				
Cash and cash equivalents	58,712	–	–	58,712
Other receivables	69	–	–	69
Unsettled trades	3,791	–	–	3,791
Liabilities				
Other Current liabilities	(5,353)	–	–	(5,353)
Total	**57,219**	**–**	**–**	**57,219**

19. Financial Instruments and Capital Disclosures (continued)

Capital Management Objectives, Policies and Procedures

The structure of the Company's capital is described in note 16 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 82.

The Company's capital management objectives are:

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

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

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

20. Related Parties

Prior to the Company's move to being a self-managed AIF Jupiter Unit Trust Managers Limited ("JUTM") acted as the Company's Alternative Investment Fund Manager ("AIFM") and sub-delegated portfolio management services to Jupiter Investment Management Limited ("JIML"). On 30 June 2022 JUTM's appointment as AIFM was terminated and on 1 July 2022 and the Company became a self-managed AIF. JIML continues to provide portfolio management services by virtue of a Portfolio Management Agreement dated 1 July 2022.

	2023	2022
	£'000	£'000
Management fee charged by JUTM:		
Total management fee charged	11	4,915
Management fee outstanding	–	3,128
Management fee charged by JIML:		
Total management fee charged	3,998	1,178
Management fee outstanding	1,022	1,178
AIFM fee charged by JUTM:		
Total AIFM fee charged	–	433
AIFM fee outstanding	–	287
Directors' fees		
Total Directors' fees charged	433	345
Directors' fees outstanding	–	18

As at 30 September 2023 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2023
Director		
Andrew Haining	79,000	0.0133
Stephen Coe	60,909	0.0102
Simon Holden	89,500	0.0150
Anne Ewing	55,000	0.0092
Tim Cruttenden	21,298	0.0036
Margaret O'Connor	–	–
S Cruttenden (son of Tim Cruttenden)	11,530	0.0019

As at 30 September 2022 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 30 September 2022
Director		
Andrew Haining	79,000	0.0133
Stephen Coe	60,909	0.0102
Simon Holden	89,500	0.0150
Anne Ewing	55,000	0.0092
Tim Cruttenden	21,298	0.0036
Margaret O'Connor	–	–
S Cruttenden (son of Tim Cruttenden)	11,170	0.0019

20. Related Parties (continued)

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

	Total holdings at 30 September 2022	Shares purchased during the year	Shares sold during the year	Total holdings at 30 September 2023	Value of holdings at 30 September 2023 £'000
Fund name					
Jupiter UK Smaller Companies Focus Fund	4,390,111	–	(2,370,872)	2,019,239	1,256
Jupiter UK Specialist Equity Fund	4,166,225	–	(3,072,435)	1,093,790	680
Jupiter UK Mid-Cap Fund	84,063,528	–	(29,715,277)	54,348,251	33,805
Jupiter UK Smaller Companies Fund	15,958,557	–	(5,968,606)	9,989,951	6,214
Jupiter Investment Fund - Jupiter Merlin Real Return Portfolio	1,259,639	–	(1,259,639)	–	–
Jupiter Fund of Investment Trusts	2,000,000	–	–	2,000,000	1,244
Jupiter UK Smaller Companies Equity Fund	2,250,000	–	–	2,250,000	1,400
Total	**114,088,060**	**–**	**(42,386,829)**	**71,701,231**	**44,599**

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

	Total holdings at 30 September 2021	Shares purchased during the year	Shares sold during the year	Total holdings at 30 September 2022	Value of holdings at 30 September 2022 £'000
Fund name					
Jupiter UK Smaller Companies Focus Fund	6,567,286	–	(2,177,175)	4,390,111	2,709
Jupiter UK Specialist Equity Fund	7,009,168	–	(2,842,943)	4,166,225	2,571
Jupiter UK Mid-Cap Fund	77,592,375	7,600,007	(1,128,854)	84,063,528	51,867
Jupiter UK Smaller Companies Fund	17,820,552	–	(1,861,995)	15,958,557	9,846
Jupiter Investment Fund – Jupiter Managed European Portfolio	742,325	3,633	(745,958)	–	–
Jupiter Investment Fund -Jupiter Merlin International Balanced	668,092	3,270	(671,362)	–	–
Jupiter Investment Fund - Jupiter Merlin International Equities	946,275	4,724	(950,999)	–	–
Jupiter Investment Fund - Jupiter Merlin Real Return Portfolio	1,559,644	7,268	(307,273)	1,259,639	777
Jupiter Fund of Investment Trusts	2,000,000	–	–	2,000,000	1,234
Jupiter Merlin Real Return Portfolio	103,926	509	(104,435)	–	–
Jupiter Merlin Worldwide Portfolio	8,532,956	43,605	(8,576,561)	–	–
Jupiter UK Smaller Companies Equity Fund	1,750,000	500,000	–	2,250,000	1,388
Total	**125,292,599**	**8,163,016**	**(19,367,555)**	**114,088,060**	**70,392**

Notes to the Audited Financial Statements

For the year ended 30 September 2023

(continued)

21. Post Balance Sheet Events

Since 7 October 2023 an armed conflict has been ongoing between Israel and Hamas-led Palestinian militant groups, largely in and around the Gaza Strip, the West Bank and on the Israel-Lebanon border. One of the Company's portfolio companies, Deep Instinct, has an operational presence in Tel Aviv, Israel. Notwithstanding the impact the conflict has had in the region to date, Deep Instinct has not experienced material disruption to its operations.

On 27 November 2023 the Company announced that it has reached agreement with Jupiter Investment Management Limited and agreed Heads of Terms with the Company's managers (Richard Watts and Nick Williamson) to redraw the structure under which investment advisory services will be provided. This foresees the Company's managers leaving Jupiter to provide advisory services to the Company from a new entity, effective 1 April 2024. It was also announced that G10 Capital Limited - part of IQ-EQ group's UK Regulatory and AIFM platform - will take over AIFM services for the Company.

On 16 January 2024 the Company paid £2 million to Smart Pension Limited as part of an advance subscription, ahead of a wider funding round that is expected to complete on or around 31 January 2024. On completion of the funding round the advance subscription will convert to share capital in Smart Pension Limited.

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

Corporate Information

Directors

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

Registered office

1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey, GY1 2HL

Investment Advisor

Jupiter Investment Management Limited ("JIML")
The Zig Zag Building
70 Victoria Street
London, SW1E 6SQ

Financial Advisor and Corporate Broker

Liberum Capital Limited
Ropemaker Place Level 12
25 Ropemaker Street
London, EC2Y 9LY

Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

Administrator and Company Secretary

Apex Administration (Guernsey) Limited (formerly known as Maitland Administration (Guernsey) Limited)
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey, GY1 2HL

Registrar

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

Depositary

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

English Legal Advisor to the Company

Travers Smith LLP
10 Snow Hill
London, EC1A 2AL

Guernsey Legal Advisor to the Company

Ogier (Guernsey) LLP
Redwood House
St Julian's Avenue
St Peter Port, GY1 1AW

Independent Auditor

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

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.
EBITDA	Earnings before interest, tax, depreciation and amortisation
MULTIPLE ON INVESTED CAPITAL ("MOIC")	The ratio calculates the total cash earned on an investment as a ratio of the total cash invested in that investment.

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