Onward Opportunities Limited

(ONWD LN)

Report and Audited Financial Statements

For the period from 31 January 2023 (Date of registration) to
31 December 2023

Contents

Highlights

Highlights for the reporting period to 31 December 2023 include:

- FY23 audited Net Asset Value ("NAV") Total Return of +11.3% to 106.5 per share over the nine months from Initial Public Offering ("IPO"), 30 March 2023, to 31 December 2023.

- Encouraging first financial year, ahead of target returns in difficult market conditions, delivering strong investment performance (NAV growth):

  - Outperformed UK AIM All Share total return index by 15.0%; +11.3% Company NAV increase versus decline of 3.7% for UK AIM All Share;
  - Top decile performance in AIC UK Smaller Companies sector since inception; and
  - Portfolio delivered an aggregate Internal Rate of Return ("IRR") of 22.6% and the invested portfolio as at year-end generated an unrealised IRR of 40.2%, against a target return of >15%, stated at the time of IPO.

- In March 2023, the Company completed its IPO notwithstanding challenging market conditions. The Company successfully completed a further capital raise in September 2023, increasing the Company's capital base by 25% and welcoming new shareholders to the Company.

Portfolio Update

- Significant early contributions from both core and nursery holdings; the top five contributors to unrealised returns were Angling Direct plc, MPAC Group plc, EKF Diagnostics Holding plc, Windward Limited and Springfield Properties plc.

- Early IRR performance is indicative of further upside potential over the medium to long term from the existing portfolio following an encouraging start to 2024, in addition to potential returns from the attractive pipeline of investments the manager continues to target in current markets.

- The portfolio's income stream, based on current dividends, is expected to offset the majority of the Company's total expense ratio for FY24.

- Intense period of investment activity capitalising on the value opportunity in UK smaller companies; the Company was over 90% invested by year-end. The top 10 holdings represented 60% of NAV.

Post year end Highlights (1 January 2024 – 31 March 2024)

- Further strong investment performance post year-end; unaudited Net Asset Value (NAV) Total Return of +2.3% to 109.04p/share in the three months from 1 January 2024 to 31 March 2024 comparing favourably to the UK AIM All Share which fell in the same period.

- Total NAV return since inception (1-year) of +14.0% to 109.04p per share, outperforming indices, the majority of peers and target returns.

- In March 2024, the Company completed its third NAV accretive capital raise, increasing the Company's capital base by a further 10% supported by new and existing shareholders to fund a pipeline of investments identified by the Manager. This meant the company grew by c.40% through capital raises in its first twelve months.

Chair's Statement

Onward Opportunities Limited (the "Company" or "ONWD") was incorporated on 31 January 2023, and the shares issued at its IPO were admitted for trading on the Alternative Investment Market ("AIM") of the London Stock Exchange ("LSE") on 30 March 2023. These accounts have been prepared for the 11 month accounting period covering 31 January 2023 to 31 December 2023.

As at 31 March 2024 (the latest practicable date prior to the publication of this report) the NAV per share was 109.04p and the share price 110.0p, representing a premium to NAV of 0.8% and a NAV performance of +14.0% since inception.

Objective of the Fund

ONWD was launched to take advantage of the investment opportunity presented by the valuation discount placed on smaller companies in the United Kingdom ("UK"), those with a market capitalisation below £250 million. Despite offering the potential for higher revenue growth than their larger peers, smaller companies generally trade on lower earnings multiples. It is this dichotomy between latent potential and low valuation which presents the opportunity for an experienced and research led Portfolio Manager ("Dowgate Wealth Limited") to identify dynamic, yet undervalued companies and actively to engage with them in order to realise hidden value for the benefit of investors.

The Board thus holds the fundamental belief that the risk premium demanded of many smaller, listed companies is too high. ONWD is certainly not the first investment company to espouse the structural opportunity of 'buying low and selling high' in the context of the smaller companies market. We also sincerely hope not to be the last, since the long-term success of the Company necessarily requires higher capital flows into the segment. I conclude below with some thoughts on the vagaries of timing, but two data points which give grounds for optimism about prospects for our Company are evidence of greater recognition being given to the smaller company sector in the UK, and the performance of the ONWD portfolio in its short trading history to date.

The role of SMEs in the UK economy

Small and Medium sized Enterprises ("SMEs") have always been a vital component of the UK economy. They employ over 60% of the total workforce and are a major source of job creation, often providing opportunities for young people and women and thereby promoting diversity and inclusivity in the workforce. Their inherent ability to adapt and innovate quickly enables SMEs to disrupt established industries and create new opportunities for growth. Smaller companies also play an important role in diversifying the UK's export base as they often specialise in niche markets and are able to cater to the specific demands of customers in foreign markets.

Economists and politicians of all hues recognise the importance of a supportive environment for SMEs in underpinning sustainable, long term economic growth. The Mansion House Compact by which UK pension funds have committed to allocate an additional £25 billion to SMEs (including specifically AIM-listed companies) by 2025 is thus significant. It is appropriate that UK savings which are tax advantaged should be deployed by pension fund managers in a manner that both generates returns for savers (thus reducing the future burden of an aging population on the State) but also stimulates the UK economy. It is also implicit within the Mansion House Compact that the major pension fund managers in the UK do recognise the opportunity for long term capital appreciation that is afforded by *inter alia* investment in AIM companies, even if they have not yet fully worked out how they can access that opportunity.

The total market capitalisation of the AIM market is approximately £53.8 billion made up of 660 constituents; almost any additional investment triggered by the Mansion House Compact would represent a significant infusion of share trading volume and liquidity, the lack of which has been a major contributory factor to low valuations. The AIM market will likely always be less efficient in terms of quickly capturing price sensitive information than the main market of the LSE, and will thus always present opportunities for the ONWD investment strategy. However, any catalysts for the junior market becoming less inefficient in the short to medium term is to be welcomed as a macro positive for ONWD. The Mansion House Compact could be part of that catalysing process.

Chair’s Statement (continued)

Portfolio performance

During the accounting period, the Company’s NAV per share appreciation represents an annualised gain of 22.6%, a top decile return relative to peers and a strong outperformance relative to the AIM All Share index. The performance of the portfolio is described in greater detail within the Portfolio Manager’s report.

Whilst smaller companies present the opportunity for very significant gains (not least because they start from a lower base) lack of scale also makes those companies more vulnerable to various risks including over-trading, client concentration, key person dependency, lack of access to development capital (debt and equity) and working capital management. Whilst it may be a self-evident truth to state that the importance of selecting the right companies for investment is an essential requirement for success, it is particularly true in the context of the ONWD strategy. The scarcity of third-party research means that the Portfolio Manager’s process of investment analysis is more analogous to that of a private equity investor than it is to that of a portfolio manager dealing in larger listed stocks. Not least, the work performed in identifying the likely exit route (sale of a position) can often involve identifying a trade sale or ‘take private’ opportunity, driven by the arbitrage between the low trading multiple of the publicly traded share versus the higher earnings multiple of the acquiror. DX Group provided an early example of the success of this approach; ONWD first acquired shares at a price of 32p per share and sold into a trade sale that realised 48.5p per share within 6-months of investing. For so long as the Price Earnings Ratios (“P/Es”) of smaller company stocks remain so far below those of larger comparables, trade sales will likely form a major part of the value realisation process for ONWD.

The Board is pleased with the performance that has been delivered by the Portfolio Manager. Whilst ONWD is a new fund, Laurence Hulse does bring with him many years of successful experience gained within the highly specialised segment that is smaller companies. The Company has the benefit of a proprietary investment process that has been developed based on Laurence’s experience. That process has now been tested and embedded in the live environment. Whilst no investment selection process can ever guarantee 100% success, the measured pace of building positions as due diligence is refined has allowed for both attractive entry prices but also swift and controlled divestment when new information is distilled which undermines the logic of the business case.

The return in NAV terms that has been generated by the Company since inception is testament to the efficacy and diligence of the Portfolio Manager. Being able to evidence capability in practice, not just in theory, is an important achievement and will be used to support further fund-raising activity over the next twelve months. There is no shortage of identified opportunities, and the Portfolio Manager is far from capacity constrained.

ESG

The Portfolio Manager has a research driven approach to identifying opportunities and selecting stocks. Analysis and due diligence will always include proactively seeking to identify hidden externalities that can be expected to impact on enterprise value once investors become (or are made) aware of them. Externalities in this context would include business models predicated on unsustainable production or employment practices, poor corporate governance or supply chains reliant on unethical counterparties. ESG practices are thus embedded within the investment selection process, and form part of the post investment risk management and stewardship policy. The Portfolio Manager‘s policy of engaged investing means that ESG factors could lead to engagement with the boards of investee companies with the objective of improving practices that pose sustainability risks in order to stimulate long-term value creation.

Conclusion

ONWD was the first investment company to IPO on the LSE since 2021 and the Company also closed a secondary fund raising later in the year which increased its shares in issue by c.25%. This was then grown further post period end in March with a further capital raise, again at a premium to NAV. As bald statistics, these are impressive achievements for a new fund launched by a new Portfolio Manager. In absolute terms however, the small size of the Company is a function of the very opportunity which it exists to capture.

Chair's Statement (continued)

Conclusion (continued)

The relative scarcity of capital allocation to small and micro-cap listed companies undermines the valuation of those companies, thereby making the opportunity set and upside potential for the ONWD strategy compelling.

The Board believes that capital allocation to smaller listed companies in the UK will increase over the medium to long term, even if that increase comes from a low base. The Company will certainly continue to advocate for such an increase within the professional investor community. The Board will also oversee adherence to the Portfolio Manager's disciplined approach with the goal of further developing and building upon the successful track record to date. In demonstrating its ability to generate attractive returns over the medium to long term, the Board believes that the Company will continue to be able to attract new money and to evidence the achievability of attractive returns from a carefully selected portfolio of smaller companies. Momentum is a powerful force in investment markets, and the emerging evidence of a virtuous circle comprised of mutually reinforcing elements is cause for optimism. We continue to believe that the timing of ONWD's launch was and continues to be auspicious.

On behalf of the Board, I thank all of our investors for their support over the past year, and we look forward to welcoming many more new investors over the months and years to come.

Andrew Henton
Chair
10 April 2024

Portfolio Manager's Report

It is a privilege to present Onward Opportunities Limited's (the "Company" or "ONWD") maiden set of financial statements as a public company. The success of the Company's 2023 AIM IPO in last year's market environment, and the subsequent early investment returns generated in those conditions are testament to the Company's potential. Two areas of particular highlight were the NAV performance ahead of peers, targets and indices and that we were able to demonstrate our ability to grow the Company with a 25% equity issue within the first six months of launch. We have done what we said we would do; demonstrated an ability to raise capital repeatedly regardless of market conditions, deploy that capital using a high-touch investment style, and invest profitably delivering strong absolute returns.

The Company made an encouraging start in the first financial year; delivering a NAV return of +11.3% since inception (30/03/2023), outperforming the UK AIM All-Share's total return by 15.0%, which fell in the same period. An eclectic portfolio of situations and opportunities has been built by the team and this process is described in the Portfolio Manager's report. The investment portfolio has been designed to take us into 2024 and beyond and resultantly the first quarter of FY24 has started encouragingly for our shareholders. The NAV has grown a further 2.3% to 109.04p/share and a further £1.65m of new shares were issued to new and existing investors at a premium to NAV.

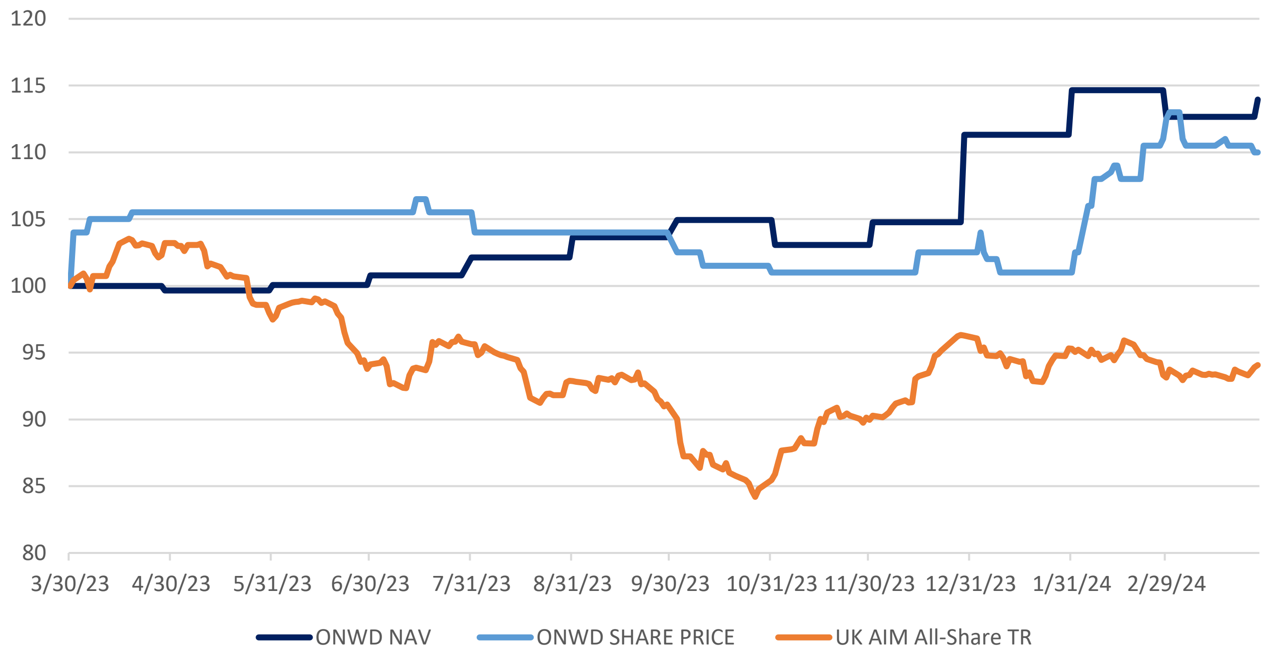
Top 10 Holdings Table as at 31 March 2024 (the last practicable date before publication)

Holding	£ Value	Portfolio Weighting %	Thesis Summary	Catalysts	Total Return %
MPAC Group plc (MPAC LN)	£1.89m	9.8%	Margin recovery, horizontal expansion	New CEO & sales team, pension buy-out, supply chain normalisation, Board evolution	+107.4%
Angling Direct plc (ANG LN)	£1.5m	7.8%	Margin recovery, strategic refocus	Strategy review, end market recovery, uses of cash, Board evolution	+17.3%
Springfield Properties plc (SPR LN)	£1.2m	6.3%	De-leveraging, cycle recovery	Land disposals, social housing market share growth	+30.0%
Speedy Hire plc (SDY LN)	£1.2m	6.3%	Organic growth, Cycle recovery	New CEO & strategy, completion of inventory audits	-17.7%
EKF Diagnostics Holdings plc (EKF LN)	£1.3m	6.1%	Margin recovery, organic growth in enzyme market	New Exec-chair, New production site scale up	+7.7%
React Group plc (REAT LN)	£1.2m	6.1%	Organic growth, bolt-on M&A	Bolt-on M&A, IR initiatives, uses of cash	-3.2%
Windward Ltd (WNWD LN)	£1.2m	6.1%	Organic growth, profitability	Contract wins, breakeven, private sector product roll outs	+44.3%
Team17 Group plc (TM17 LN)	£1.2m	6.1%	Margin recovery, strategic refocus	New Chair & CEO, strategy review	+25.0%
Transense Technologies plc (TRT LN)	£1.1m	5.6%	Organic growth	Sales pipeline execution, senior leadership hires, Board evolution	+8.7%
RBG Holdings plc (RBG LN)	£1.0m	5.3%	Re-rating, discount to transaction multiples	Cost take-out, property disposals, divisional disposals, legacy case asset values	-28.1%
Ten Nursery Holdings	£5.2m	24.9%			
Cash at Bank	£1.8m	9.5%			

Portfolio Manager's Report (continued)

Portfolio Performance

The Company made an encouraging start in the first financial year; delivering a NAV return of +11.3% since inception, outperforming the UK AIM All-Share's total return by 15.0%, which fell in the same period. Perhaps most encouraging was the investment performance of the fund relative to its peers, which was top decile.



Performance was consistently positive through the year and accelerated in-line with capital deployment as the team identified investment opportunities from the pipeline and engaged with them.

Total Returns in the 9 months to 31 December 2023	FY23 - Date of inception to 31 December (9 months to year-end)
ONWD NAV Total Return	+11.3%
ONWD Total Shareholder Return	+2.5%
UK AIM All-Share Total Return Index	-3.7%

The top 5 contributors to unrealised returns at 31 December 2023 were Angling Direct, MPAC Group, EKF Diagnostics, Windward and Springfield Properties.

The early performance continued post-period end, with the NAV growing further to 109.04p/share, +14.0% since inception as shown in the table below for illustrative purposes:

Total Returns in the twelve months to 31 March 2024	Since inception date of 30 March 2023 (1-year)
ONWD NAV Total Return	+14.0%
ONWD Total Shareholder Return	+10%
UK AIM All-Share Total Return Index	-5.9%

Portfolio Manager's Report (continued)

Market Commentary

2023 was a different year than most investors expected. Investors began 2023 fearing inflation and the consequences of higher, for longer, interest rates. While the demise of Silicon Valley Bank ("SVB") and the life support given to other regional banks seemed to justify their fears, the vital signs of US economic health persisted, and policy rates continued to rise until August. This drove increasing levels of pain and discounting in equities, especially at the most economically sensitive smaller company end of the spectrum, which became particularly pronounced in the UK around Halloween in October. Perhaps not by coincidence just a few weeks later, following some Federal Reserve smoke signals, investors began believing rates had peaked. Bond yields tumbled, risk assets rose as short positions were closed, and the bond rush subsided. Financial conditions and liquidity eased, the dollar weakened, and investors rolled out the red carpet to greet the improbable soft landing. The 'immaculate disinflation' became investors' base case scenario.

In the coming year, circa 40% of the world's population will vote in national elections, including both its wealthiest and most populous nations. The UK's election, likely in FY24Q4, will be of little consequence for global investors, most of whom wrote off the UK as a home for proactive investment long ago. Having won last year's Most Improved Player Award for Political Stability, this year, a smooth UK political transition could be all that is required for both direct and portfolio investors to tie a bow on the UK as a place to increase their position sizes. In stock market terms last year, the UK remained a laggard by global standards.

The S&P 500 was pipped by Tokyo's Nikkei 225 (+28% to +25%) in the major country indices stakes. The real story of the year, however, was the continued power of US Big Tech, with the NASDAQ 100 up over 50%. Within it, the newly crowned Magnificent Seven AI wonder stocks (the FAANGS minus Netflix, plus Nvidia, Microsoft and Tesla) were ahead by more than 100%, and ended the year accounting for nearly 30% of the market cap of the S&P 500 and 19% of the MSCI Developed World All Share Index - an index which comprises the largest 12,500 listed-companies across 23 countries. As a result, just seven stocks now account for almost US$12 trillion of market value (more than six times the size of the FTSE100), a degree of market concentration greater than the Dotcom Boom of 25 years ago and the Nifty Fifty of 50 years ago.

When these previous periods of excessive market concentration were unwound, the result was the multiyear outperformance of smaller companies and the value style. We remain vigilant for early signs that might suggest the coming years might follow such a pattern.

The UK's AIM 100 index ended the year down a disappointing 8% but also rallied from its post-COVID low in October 2023 by 8%. The more value-laden FTSE Smaller Companies Index, broadly unchanged over 2023, rose by 13% from its October 2023 low point. These moves have yet to constitute a new trend. They offer signs of hope that normalised rates will establish a divergence of equity returns that reward active stock picking over trend following and indexation, a trend, if established, that could significantly re-rate the UK small and mid-markets.

As we enter a year of elections, the issue of fiscal dominance and bond yields remain essential drivers of financial market performance. 2023 ended with US and UK 10-year yields broadly unchanged. However, this masked a roller coaster ride. Capital poured into sovereign debt during the year, offering the prospect of a real return for the first time in many years and crowding out investment for other assets. The lesson from 2023 is that bond markets influence equity valuations, but quality equities can adapt and survive, as we saw in a number of our investments.

Portfolio Manager's Report (continued)

Portfolio Commentary

The Company's first nine full months of activity which represent the 2023 financial year were one of hyper-activity for the investment process, as the team sought to deploy the capital raised at launch (March 2023) and added to further in September. There was a natural lag effect as a number of ideas were worked on in parallel and in other cases where the Investment Committee waited for an identified opportune moment to invest.

This meant that capital employment built gradually over the summer before accelerating into Q4 of FY23Q followed by a small number of deals in 2024. This has resulted in the fact that at 31 March 2024, the Company was 'fully invested' ahead of schedule into 10 core investments and 10 nursery holdings which represented 90% of the portfolio. A summary of the core investments in the top 10 is provided in detail below. We have an active and engaged approach to investee companies, and shareholders can expect us to be working hard to support profitable outcomes on our investments and some of these workstreams are shared below.

MPAC Group plc (MPAC LN) – Date of first investment September 2023

MPAC Group plc ("MPAC") is a designer and assembler of automated robotic packaging lines with a strong foothold in defensive sectors, and a first-mover advantage in battery packaging, due to its historic specialism in 'side-loading'. After a difficult 18-months that was worsened by global supply chain disruption, it is now a business with a clear plan for earnings growth that we have been able to purchase on an EV/EBITDA of 2.5x. New CEO Adam Holland (referenced extensively at JCB & Rolls Royce), has identified levers to recover margins to 10%+, and grow earnings with an expanding sales team and abating supply chain headwinds of 2022/3. This first stage, we believe, can more than double the value of the company and we are pleased to report a very early +100% gain on our investment post period end; a great example of our screening process identifying emerging change in a company. There is then a longer-term opportunity in battery casing that if delivered could add significantly to returns beyond our base case.

We are actively engaging with the company on a number of key initiatives including a pension 'buy-out' as it is now in surplus, incentive arrangements for the new senior leadership team, board composition, M&A strategies and investor communications. We were delighted to see the company follow up with a very strong set of FY23 results in March.

Angling Direct plc (ANG LN) – Date of first investment May 2023

Angling Direct is the UK's leading retailer of fishing equipment and tackle. This position gives us an opportunity to provide investors with some early insights to our investment strategy in action. We believe we have captured dual optionality on the upside on our investment into Angling Direct, which creates an attractive asymmetric risk profile for shareholders' capital, invested between 24 and 30 pence per share.

This position represents either a growth or value investment, depending on various strategic decisions that are taken in the coming months. The business has a dominant market position in the UK, where it is profitable and cash generative from a repeat customer base of 'anglers'. These metrics are expected to improve under new management, and to benefit from both a UK consumer recovery and growth from additional store rollout.

More recently, the business has been attempting to enter the much larger European market to provide additional earnings growth. Success has been limited so far, with annual losses that are material in the context of overall group profits, whereas the UK business generates a profit that is approximately double the current group number (which factors in European losses). Our returns thesis is that either the European strategy starts to bear fruit in the near-term and contributes profitable growth to the group, or it can be reviewed to remove the opportunity cost to management and losses from group profits. Either outcome would be shareholder value creative to our investment and we would be happy for our initial scepticism about the European opportunity to be proved wrong during the remainder of the calendar year. Our analysis suggests either of these outcomes would add more than 50% to Angling Direct's current profits.

Portfolio Manager’s Report (continued)

Portfolio Commentary (continued)

Angling Direct plc (ANG LN) – Date of first investment May 2023 (continued)

Fishing is a sport of probability maximisation, and in that sense shares many similarities with investment management. Anglers buy tackle to maximise their chances of catching fish predictably and ONWD shareholders can expect a similar mindset in our strategic discussions with the company in order to maximise shareholder returns. Our entry valuation on Angling Direct was at c.£20 million, a market capitalisation more-than underpinned by balance sheet assets - c.£14 million net cash and c.£16 million of inventory. We have in this context noted with interest, the consolidation of angling retailers in the USA and Nordic countries in recent years.

Team17 Group plc (TM17 LN) – Date of first investment December 2023

Team17 is a leading UK ‘indie’ video games developer in the UK with a number of well-known titles within its catalogue. The historic titles have a precedent of sales and cash generation; a vital characteristic in the notoriously fast-moving video games sector both to investors and managers of the business. The business suffered something of an annus horribilis as the previous management became overly optimistic on new title opportunities off the back of the pandemic inspired boom in gaming. In parallel the market became over-saturated as competitors behaved similarly. This led to what turned out to be a poor allocation of capital into lower ROI new titles, and the earnings and shares of the company suffered.

We have invested into a back-to-basics strategy under the newly appointed chair Frank Sagnier with a renewed focus on ROI hurdles for new investment, and cash generation maximisation from the existing franchises. Our entry valuation of just c.5x a downgraded EBITDA has allowed us to buy into a deep discount to the intrinsic value of the catalogue core titles, let alone the company’s value, and management retain optionality over future uses of cash. We have taken comfort from Frank’s strong track record at Codemasters which was ultimately acquired after a sustained period business development execution under his leadership.

EKF Diagnostics Holding plc (EKF LN) - Date of first investment May 2023

EKF shares had languished due to downgraded earnings, a misjudged acquisition (now disposed of), and delays in completing a new enzyme production facility. The departure of the previous CEO and CFO further exacerbated things. Our recovery thesis is that Julian Baines can remedy these matters, being the company’s highly experienced former CEO who has stepped back into an Executive Chairman role and it was his confirmed return that triggered our due diligence and investment into the company. Primarily, we believe the company can now deliver significant earnings recovery as the new enzyme fermenters come online, driving a re-rating in the company’s shares and earnings uplift from 60-70% gross margin sales. The site recently won its first order.

We also believe the company is a covetable asset given the attractive business model of the Point of Care business (razor/razor blade) along with the high margins and repeatable revenues. EKF has a very strong board, which affords us the benefit of being able to quietly support tried and tested shareholders and board members recover value for all.

React Group plc (REAT LN) - Date of first investment May 2023

With React we believe we have captured a defensive growth opportunity at a value price, and invested c.6% NAV into the company. It is a business the team have been researching since September 2022 (pre-launch) and was an early pipeline priority. Through a mix of specialist cleaning services for UK corporates, the business has a highly attractive earnings profile.

Portfolio Manager's Report (continued)

Portfolio Commentary (continued)

React Group plc (REAT LN) - Date of first investment May 2023 (continued)

The business has three core divisions:

1. React – the heritage of the group, reactive specialist cleaning often needed for emergencies or callouts requiring specialist cleaning techniques; high margin but less predictable.
2. LaddersFree – large glass pane and cladding cleaning for UK corporates, executed through a capital-light membership model.
3. Fidelis – contract cleaning focused on public services. The business operates over 80% of its sales on contracted terms of one to five years and has been organically growing at 17%+ per annum for the past four years under a new management team. Sales are highly cash generative and yield a high contribution margin, whilst CAPEX, depreciation and amortisation are all insignificant.

Crucially now, as a result of a mix of organic and acquisitive growth and the upcoming cessation of deferred consideration payments, the business is beginning to generate strong profits and free cash flow growth from contribution margin as it exploits inherent operational gearing. If one were to look away for a moment - not knowing the company cleans large glass facades, rolling stock, and prisons – its characteristics mean it could easily be mistaken for a small, successful software company. Yet we have been able to acquire shares in React over the past six months on forward P/E multiples of 6.5x - 8.5x.

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Springfield Properties plc (SPR LN) - Date of first investment July 2023

Springfield Properties is one of Scotland's largest housebuilders and crucially owns the largest land bank with planning approval in the country. Over the past 24-months the Scottish government has helpfully self-inflicted a number of headwinds to the housebuilding market to complement the well-documented impact of rising interest rates and consumer pressures on the sector. These include rent-controls, unrealistic terms of business for social housing construction contracts and wider political uncertainty. These challenges resulted in Springfield properties having to materially cut earnings guidance, which in turn left its balance sheet looking stretched. The shares followed and the company traded at a nearly 50% discount to NAV (of which the main asset is the previously mentioned land bank). Whilst these all created fascinating reasons to create a potential entry point, it is of course a recovery that we as capital allocators are interested in.

We have invested with line of sight on a number of catalysts for value recovery. Firstly, the regulatory environment is improving; the Scottish government are ending rent controls which should see the build to rent market improve for Springfield and social housing contract terms have been adjusted to reflect inflationary pressures. Springfield is seeing and winning work in both these areas again. The near-term likelihood of Scottish independence has also reduced materially which again provides more certainty for business and investors.

Most crucially however are the self-help initiatives we are supporting. The company has removed £4m from the central cost base – which is material in the context of a historic EBITDA of around £20m. Secondly, and really to the core of our thesis, is the disposal of land parcels which transfer enterprise value to equity value in the form of monetising a portion of the balance sheet assets to pay down debt. The company has already announced a number of profitable disposals and we expect these efforts to continue to progress for the rest of the calendar year.

Portfolio Manager's Report (continued)

Portfolio Commentary (continued)

Springfield Properties plc (SPR LN) - Date of first investment July 2023 (continued)

As these de-risking catalysts complete it is not unreasonable to expect Springfield to re-rate from around 0.6x NAV at the point of investment to nearer 1.2-1.3x where the sector typically trades through the cycle. From this point the investment is likely to become a healthy compounder for the portfolio through the next housebuilding cycle, where Scottish properties are much more appealingly priced relative to average earnings than most parts of the UK.

Windward Limited (WNWD) - Date of first investment August 2023

Windward is perhaps the most exciting business model in the portfolio and has the potential to be one of the most value-creative investment theses too. The business harnesses marine traffic data to provide analytical insights to a growing list of household names and global operators in two key maritime markets; supply chain logistics and regulatory/legal compliance. Both these segments and the wider maritime industry are going through massive upheaval and we believe Windward is extremely well placed to capitalise on this for shareholders. Windward delivers these insights through an attractive subscription model via its Maritime AI TM platform. Customers include; Interpol, the US military, Glencore, BP, Maersk, BMW and Transworld. The compelling investment case has been demonstrated in the recent FY23 results which I would encourage shareholders to read; they are some of the best trading figures I have read on AIM in some time.

This model and market backdrop is allowing the business to produce some very compelling operational metrics in the context of our sub 1x EV/Sales entry point. The business is growing at 35% per annum and this is a 99% contracted revenue base it is building, or adding to each year. The gross margins associated with this are 79% and can likely accrete above 80% and most crucially we expect the business to reach profitability this year, leaving its $17m of cash surplus to requirements and providing optionality. The business' list of blue-chip customers is rapidly growing, almost doubling to 200 in the past 12-months as Windward's offering becomes ever more topical for customers making high-value maritime decisions. We believe this growth can continue and double turnover over the next 5 years or more and if this level of execution were to be achieved the business would trade in line with similar businesses around 5x sales. This has the potential to provide extremely attractive investment returns on our 1x current sales investment point.

Speedy Hire plc (SDY LN) - Date of first investment June 2023

Speedy Hire is a much better-known small cap stock that we have been tracking, undergoing a similar strategic and personnel change, designed to improve earnings and return of capital employed ("ROCE"). A very impressive capital markets day in May revealed CEO Dan Evans clearly lives and breathes the industry, having worked his way up the organisation. He is well-placed to lead the cultural and operational changes required to get Speedy Hire firing on all cylinders again after a few difficult years and we have been gradually building our take through the course of the year. The shares pay a handsome yield, while the 'Velocity' strategy plays out. We are particularly attracted to how rental has a tangible role to play in reducing emissions in the construction sector (which is currently a big challenge for Speedy's target market), and how this can drive earnings and perhaps even SDY's multiple.

Transense Technologies plc (TRT LN) - Date of first investment June 2023

Transense Technologies is a very different business, but we believe is another example of a small UK company quietly working up great prospects for growth. It is fair to say the business has had a checkered history of 'jam tomorrow' as a listed business, with a series of false dawns leading to cash consumption, funding requirements and shareholder value destruction. However, our screens and subsequent due diligence uncovered that over the past few years, prospects and crucially profits have tangibly changed and this success is partly obscured by perceptions from the past.

The business has three core market leading technologies at various stages of execution and a valuation of £13m at the point of investment. In 2019 the first of these, iTrack, became profitable through a 10-year royalty deal with Bridgestone, that is 100% profit margin and we believe will peak at around £3m per annum versus £2m currently.

Portfolio Manager's Report (continued)

Portfolio Commentary (continued)

Transense Technologies plc (TRT LN) - Date of first investment June 2023 (continued)

The future cashflows of this deal underpin the current value of the business. This deal, led by the now Executive Chairman Nigel Rogers, has been crucial, as it has provided the group with visible long-term profits that have allowed tangible development of the groups other two exciting technologies – Translogik and Surface Acoustic Wave ("SAW") sensors. Translogik provides tyre wear monitoring equipment to fleet managers and revenues have more than doubled since 2020 when the new team started to deploy time and effort into the opportunity using iTrack profits.

The technology generates a gross margin in excess of 50% for the group and we expect that under the recently appointed Director of Business Development, Ryan Maughan, revenues can at least double again in the next few years, if not more. Lastly, the patent protected SAW technology, which is the least progressed, but with the largest potential for earnings contribution, has started to make headway in some of the highest barriers to entry markets; US defence and high performance motorsport. SAW is garnering industry and investor interest because of its ability to provide more specific and consistent torque readings in high-intensity and adverse operating environments. The team are targeting opportunities in the industrial, electric drivetrain and aerospace sectors and we are monitoring progress closely following early successes with

McLaren and GE aviation. We were delighted to see Stephen Parker join the board in May given his experience in scaling applied technologies, such as YASA, which was acquired by Mercedes, where he now sits on a subsidiary board.

As an applied technology company, revenues generate an extremely high gross margin, north of 85% and sales have been accelerating. We have been delighted to see a number of new hires and recent directors buying alongside those developments.

RBG Holdings plc 'Rosenblatt Group' (RBG LN) - Date of first investment September 2023

After a difficult series of results that we believe mark trough earnings and peak balance sheet stress, we have over the past six months invested into RBG Holdings (Rosenblatt Group). RBG is a deep-value opportunity due to the strategic and operational missteps of the past 24 months under the previous team, since removed. The shares have collapsed from over 150p to as low as 9p during this period. Progress to unwind previous strategic and operational errors are now progressing. Rosenblatt is a professional services group in the UK, including two of the UK's leading law firms, Rosenblatt and Memery Crystal, and these 'gems' had been mired with dilutive strategic activity in litigation funding (now exited) and a poorly timed entry into corporate finance advisory (now exited).

The remainder business is pure legal services and in fact a top ten law firm with a history of sector-leading margins that now looks mispriced on spot and recovery multiples that are low single-digit EBITDA versus our target multiple of 7 or 8x. The thesis is primarily one of backing earnings stability, cost take-out, cash generation to pay down debt and a material multiple re-rating under the return of the founder Ian Rosenblatt, who has made a long term contractual commitment to the business and recently re-invested nearly £1m into the recent fundraise. There may also be material hidden value in certain archive cases that RBG historically funded (and is therefore entitled to a material portion of any settlement, but we ascribe only hope value to these, which have been prudently fully written down by the new management team. Having admittedly started investing one profits warning too early, We are working hard with the Board to ensure maximum value recovery, with the disposal of Convex providing a recent example of catalyst execution.

Portfolio Manager's Report (continued)

Outlook

The highlights at the start of this report flagged another strong first quarter for FY24 for the Company as a number of core holdings' theses started to play-out. Team17, Windward, Springfield Properties and MPAC all had particularly strong series of updates that demonstrated the improving operational activity and strategic changes we had identified.

These and broad-based positivity across the nursery holdings drove performance onward and wider market weakness to generate a positive contribution to the NAV for the first quarter of the year of an additional +2.3% to 109.04p/share, again significantly outperforming the UK AIM market.

This early performance and line of sight on catalysts as well as active engagement opportunities across the portfolio leave the portfolio well placed to meet its target returns of 15% IRR for the year. Additional capital raised in March provides the team with additional firepower to capitalise on the market opportunity that is a core ingredient of the company's raison d'etre. We look forward to updating shareholders on progress at the interims and via our quarterly factsheets.

Onwards,

Laurence Hulse
Investment Director and Founder
10 April 2024

Investment Objective and Policy

Investment objective

The Company was incorporated with limited liability in Guernsey under The Companies (Guernsey) Law, 2008 (the "Companies Law") on 31 January 2023 as a non-cellular (closed-ended) company limited by shares. The Company's investment objective is to generate risk-adjusted absolute returns for shareholders through investments in UK smaller companies. Returns are expected to be principally derived from capital growth over a target three to five-year holding period with an appropriate diversification of investment risk.

Investment policy

The Company will seek to achieve its investment objective by investing primarily in equity and equity-related securities of UK smaller companies that are predominantly listed or admitted to trading on markets operated by the London Stock Exchange, and where it is considered that there is a material potential valuation upside that can be delivered from catalysing strategic, operational or management initiatives.

In order to ensure that the Company is able to maintain its approach of active engagement with investee companies, and to encourage and support value creation, the Company will typically target meaningful minority stakes in investee companies of between 5% and 25% of the issued share capital.

Whilst the Company has no limitation on the size of the companies in which it can invest, the Company typically expects to invest in companies with market capitalisations of no more than £250 million (with particular focus on those below £100 million) at the time of investment. The Company will therefore focus on investments in the 'micro' smaller companies sector and on companies admitted to trading on AIM.

Investee companies will typically have certain of the following characteristics:

- balance sheet asset backing;
- a competitive advantage and/or strong management track record;
- attractive cash flow potential;
- visibility of earnings/future earnings improvement;
- potential for liquidity and/or exit in line with the Company's targeted hold period;
- scope for an active shareholder to trigger value creation; and/or
- foreseeable events and catalysts to unlock intrinsic value.

Investments may be either direct investments made by the Company, or indirect investments made by the Company through similar funds or investment vehicles. The Company may make its investments for cash or for share consideration. Although investments will not be restricted to specific sectors, the Company does not expect to pursue or make investments into companies in the biotechnology sector or in companies directly involved in extractive industries (such as mining or oil and gas).

Whilst the Company will initially seek to take minority stakes in investee companies of between 5% and 25% and will not typically seek to take majority positions in investee companies, it will not be restricted from taking a majority position if considered appropriate by the Portfolio Manager.

The Company's portfolio is expected to be relatively concentrated, with a typical investment being between 2% and 10% of Net Asset Value at the time of investment. This is expected over time to result in a portfolio of approximately 10 to 15 high conviction investments and a further 5 to 10 smaller portfolio holdings, in companies operating in a number of industries and geographic locations.

Whilst the Company will target an investment holding period of three to five years, actual holding periods and exit strategies will depend on the underlying investment, the availability of exit opportunities and the size of the Company's investment. The Company may therefore dispose of investments outside of the target timeframe should an appropriate opportunity arise.

Investment Objective and Policy (continued)

Investment policy (continued)

The Company may hold cash in its portfolio from time to time to maintain investment flexibility. There is no limit on the amount of cash which may be held by the Company at any time.

Investment restrictions

The Company will observe the following investment restrictions:

- the maximum investment in any single investee company will be no more than 15% of Net Asset Value at the time of investment;
- no more than 10% of Gross Asset Value at the time of investment will be invested in securities listed or quoted on listing venues other than markets operated by the London Stock Exchange (without the explicit written consent of the Board);
- no more than 25% of Gross Asset Value at the time of investment(s) will be in unquoted securities including, inter alia, in unlisted shares or other unlisted instruments such as convertible loan notes issued by quoted companies, rights, options, warrants, bonds and notes; and
- no more than 20% in aggregate, of the Gross Asset Value at the time of investment will be in other listed closed-ended investment funds.

Corporate Governance Statement

The Company is listed on AIM and became a member of the Association of Investment Companies (AIC) on 4 April 2023. The Directors recognise the importance of sound corporate governance and the Directors intend to observe the requirements of the AIC Code so far as is practicable.

The Guernsey Financial Services Commission's (“GFSC”) Financial Sector Code of Corporate Governance (the “Code”) applies to the Company. The GFSC has stated in the Code that companies which report against the UK Corporate Governance Code, or the AIC Code are deemed to meet the requirements of the Code and need take no further action. Accordingly, as the Company will report against the AIC Code, it will be deemed to meet the requirements of the Code.

The Board has established an Audit and Risk Committee and a Management Engagement Committee. These committees undertake specific activities through delegated authority from the Board. Terms of reference for each committee have been adopted and will be reviewed on a regular basis by the Board. The Board as a whole will undertake the functions of remuneration and nomination committees and as such no separate remuneration or nomination committee has been established.

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):

a) consequences of any decision in the long-term;
b) the need to foster business relationships with suppliers, customers and others;
c) impact on community and environment;
d) maintaining reputation; and
e) acting fairly as between members of the Company.

The Board considers its duties under section 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 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 ool@apexgroup.com or by post via the Company Secretary on any matters that they wish to discuss with the Board of Directors.

The Company does not have a formal diversity policy. This is a function of the fact that the Company's remunerated officers are limited to the directors. The composition and effectiveness of the Board is internally assessed on an annual basis. The periodic rotation or retirement of directors is a trigger event which initiates a formal search and selection process. This prioritises professional experience relevant to the needs of the Company over other more subjective factors which do not lend themselves to formal assessment and testing. Whilst the Company does not therefore have any policy of positive discrimination in relation to age, gender or race, the Company does recognise the value that different perspectives and outlooks can bring to the quality of decision making. Accordingly, whilst remaining focused on merit-based appointments, the Board encourages and seeks to identify candidates who can also enhance the diversity of its composition.

The Board has continued to work closely with its service providers during 2023 in order to support the maintenance of high standards of service. As part of its annual review process, the Management Engagement Committee enquires about any incidents, breaches or other occurrences within its service providers that might create a reputational risk or other negative consequences for the Company. Further details relating to the service providers can be found within the Directors' Report.

The Board considers that there is a very low risk of modern slavery or human trafficking associated with the Company's activities, given it has no employees, premises, manufacturing or other physical operations. Its suppliers are professional services providers, most of whom are regulated and none of whom operate in jurisdictions that have a poor record on modern slavery or human trafficking. The Company is an externally managed investment company, has no employees, and as such is operationally quite simple.

[1] The section 172 of the Companies Act 2006 applies directly to UK domiciled companies. Nonetheless, the intention of the UK Code and the AIC Code is that the matters set out in section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law.

Key Governance Disclosures (continued)

Section 172(1) Statement (continued)

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 Portfolio Manager 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 the 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's 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 Portfolio Manager works to ensure that sustainability and ESG factors are carefully considered and reflected in the Company's investment decisions. The Board of Directors travel as infrequently as possible and instead communicate, where they are able to, by video and conference call.

Going Concern Statement

The Going Concern Statement is made on page 26.

Long-Term Viability Statement

The Long-Term Viability Statement is made on pages 26 to 27.

Fair, Balanced and Understandable Statement

The annual report and accounts taken as a whole are considered by the Board to be 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 and Risk Committee Report.

Key Governance Disclosures (continued)

Continuing Appointment of the Portfolio Manager

Further details relating to the continuing appointment of the Portfolio Manager and how this is in the interests of shareholders as a whole can be found within the Directors' Report.

Assessment of Principal and Emerging Risks

The Board has undertaken a robust assessment of the Company's principal 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 pages 28 to 30.

Review of Risk Management and Internal Control

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Company is properly reported and monitored. The Audit and Risk Committee reviews the Company's annual and interim accounts, the accounting policies of the Company and key areas of accounting judgment, management information statements, financial announcements, internal control systems, risk management and the continuing appointment of auditors. It also monitors the whistle blowing policy and procedures over fraud and bribery of the Administrator.

Due to its size, structure and the nature of its activities, the Company does not have an internal audit function. The Audit and Risk Committee will continue to keep this matter under review.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board has developed a framework that is designed to manage, rather than to eliminate, the risk of failure to achieve the Company's business objectives. The framework involves identifying sources of risk, the potential significance (financial and operational) of any risk impacts, and the associated controls in place to identify, pre-empt and mitigate those potential impacts. This is documented in a Business Risk Assessment which is considered at least annually by the Board. The framework is discussed with the Portfolio Manager, and members of the Management Engagement Committee conduct a detailed meeting with the Portfolio Manager to review the effectiveness of controls and any breaches / errors that have occurred since the last inspection visit. Any such control failures are also recorded on an exceptions basis and reported at quarterly Board meetings or in real time if sufficiently significant. No significant failings or weaknesses have been identified to date. These processes ensure an at least annual review of the Company's system of internal controls, including financial, operational, compliance and risk management. The system can only provide reasonable and not absolute assurance against material misstatements.

The Board has delegated the management of the Company's investment portfolio, the provision of custody services, the administration (including the independent calculation of the Company's NAV), share registration, corporate secretarial functions and the production of the half-yearly and annual independently audited financial reports. The Board retains accountability for the functions it delegates. Formal contractual arrangements have been put in place between the Company and the providers of these services. Compliance reports are provided by the Company's Compliance Officer at each quarterly Board meeting. The Board considers that its internal control processes meet current industry best practice.

Regulatory Compliance

The Company keeps abreast of regulatory and statutory changes and responds appropriately. The Board continues to take advice on Alternative Investment Fund Managers Directive ("AIFMD") from external professional advisers and to implement necessary measures to ensure compliance with relevant requirements of the AIFMD Regulations. The AIFM is also a resource relied upon by the Board in this regard. Although the majority of the obligations associated with AIFMD are applicable to the AIFM, the Board is satisfied that the Company as an Alternative Investment Fund ("AIF") complies fully with its relevant obligations under the AIFMD and the UK's AIFMD Regulations 2013. Key Information Documents ("KIDs") have been updated in accordance with the EU's Packaged Retail and Insurance-based Investment Products Regulations ("PRIIPs") and the UK's amended version thereof and are available at https://onwardopportunities.co.uk/wp-content/uploads/2023/03/Onward-Opportunities-Limited-2023-UK-PRIIP-KID86.pdf.

Board Members

The Board is responsible for the determination of the Company's investment objective and investing policy and has overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the AIFM, the Portfolio Manager and the other service providers.

The Directors meet at least four times a year, and at such other times as may be required. The Directors (including the Chair) are all independent non-executive directors. Given the size of the Board it has not been considered necessary to appoint a senior independent director at this stage in the Company's lifecycle.

The Board has been assembled to ensure that the Company has the appropriate breadth of skills and experience in order to ensure that it can be governed effectively and comprises the following persons:

Director Biographies

Andrew Henton (Independent Non-Executive Chair)

Andrew graduated from Oxford University in 1991 and subsequently qualified as a Chartered Accountant with PricewaterhouseCoopers in London, specialising as a corporate tax consultant. He spent eight years working in the City as a corporate finance advisor with HSBC Investment Bank and as a principal of the Baring English Growth Fund, a private equity Fund focussed on mid-market transactions sponsored by ING Barings. In 2002 Andrew was relocated to Guernsey by Close Brothers Group plc to take responsibility for integrating and reorganising a number of regulated banking, custody, asset management and fiduciary administration businesses that the bank had acquired in Jersey, Guernsey and Isle of Man.

He was Head of Offshore Businesses for Close until the division he managed was sold in 2011. Thereafter he chose to remain in Guernsey and to work with a portfolio of companies as a non-executive director. He has wide board experience of both regulated and non-regulated businesses (including listed funds and venture backed companies) in both executive and non-executive capacities. Andrew is British and resident in Guernsey.

Susan Norman (Independent Non-Executive Director)

Susan has over 25 years of boardroom experience formerly in company secretarial roles and most recently through non-executive director roles across a wide range of companies in multiple jurisdictions. Susan is currently a non-executive director of a number of Terra Firma Capital Partners Limited's Guernsey-based private equity vehicles. Susan started her career within the private banking and fund of hedge funds sectors and now runs her own consultancy business providing company secretarial, governance and independent directorship services to a broad range of clients across various jurisdictions. Susan's board experience covers public and private equity investment companies, real estate investment companies and impact investment funds, amongst others.

Susan holds an LLB (Hons) degree in Scots Law from the University of Strathclyde, is a Fellow of the Chartered Governance Institute and holds the Institute of Directors' Diploma in Company Direction.

Henry Freeman (Independent Non-Executive Director, Chair of Management Engagement Committee)

Henry is an investment professional with over 25 years of investment decision making and over 10 years of Board experience. During his executive career as an investment manager with Lloyds Private Banking/Hill Samuel and Forsyth Partners, and then an investment banker with Liberum and Investec Securities, Henry managed institutional and private client funds, investing across equities, investment trusts and alternative investments; and advised London-listed investment companies and funds on strategy, structuring, IPOs and M&A. Henry has also built technology and investment businesses and sat on UK parliamentary policy groups and Downing Street roundtables for fintech and social finance. Henry was a founding member of Innovate Finance.

In addition to Onward Opportunities, Henry sits on a number of commercial fund and investment company boards, as well as the Crown Dependency of Guernsey's sovereign wealth and pension funds. He is a member of the Guernsey Investment & Funds Association (GIFA) Executive Committee and is proud to have established the GIFA Schools Investment Challenge, encouraging financial literacy and investment education among young people. Henry holds the Institute of Directors' Diploma in Company Direction.

Board Members (continued)

Director Biographies (continued)

Luke Allen (Independent Non-Executive Director, Chair of Audit and Risk Committee)

Luke is an independent non-executive director with over 30 years' experience working in the financial services sector, the majority of which have been spent in the investment funds industry. Until December 2019 he was the chief executive and managing director of Man Group plc's Guernsey office, which serviced an extensive range of hedge funds and funds of hedge funds. His primary role was to lead Man Group's operations in Guernsey, chairing the local management company boards, setting strategy and ensuring effective risk management, outsourced service provider oversight, and compliance with laws and regulations. He has well over a decade's experience (in both an executive and independent non-executive capacity) of working with, and sitting on the boards of, a wide range of fund and management company structures across various asset classes and international jurisdictions.

He is a chartered accountant (ICAEW) and, prior to running Man Group's Guernsey office, he headed up their fund financial reporting and liquidations team, with responsibility for the production of fund financial statements and for fund terminations across their entire product range. He has completed the Institute of Directors' Diploma in Company Direction and is the holder of a personal fiduciary licence issued by the Guernsey Financial Services Commission.

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 Henton

Pershing Square Holdings Limited

Susan Norman

None to be disclosed

Henry Freeman

None to be disclosed

Luke Allen

Boussard & Gavaudan Holding Limited
Investec W&I International PCC Limited
Global Private Equity One Limited

Board Members (continued)

Director Attendance

During the period ended 31 December 2023, the Board and Committee meetings held and attended by the Directors were as follows:

	Quarterly Board Meeting	Audit and Risk Committee Meeting	Management Engagement Committee Meetings	Ad-hoc Meetings
Director	Attended/ Eligible	Attended/ Eligible	Attended/ Eligible	Attended/ Eligible
Andrew Henton	2/2	1/1	0/0	3/3
Susan Norman	2/2	1/1	0/0	3/3
Henry Freeman	2/2	1/1	0/0	3/3
Luke Allen	2/2	1/1	0/0	3/3

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 and any preliminary announcement of the final results and the annual report and accounts including the corporate governance statement
- 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 and payment approvals.

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

The Portfolio Manager 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 Portfolio Manager. The Directors have responsibility for exercising supervision over the Portfolio Manager.

Board Members (continued)

Board Committees

The Company has established an Audit and Risk Committee and a Management Engagement Committee (together the "Committees"). The Terms of Reference for each committee are 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. The relevant Committee and the actions carried out by each Committee since the previous quarterly board meeting are reported at each meeting to the Board of Directors by the respective Committee chair. Each Committee meeting is attended by the Company Secretary and minutes are kept, as well as a schedule of the action points arising from each meeting.

The Audit and Risk Committee comprises all of the Directors and is chaired by Luke Allen who is considered to have recent and relevant financial experience. The Audit and Risk Committee meets at least three times a year. There are likely to be a number of regular attendees at meetings of the Audit and Risk Committee, including the Company's external auditors. A full report regarding the Audit and Risk Committee's activities during the period can be found in the Audit and Risk Committee Report on pages 36 - 40.

The Management Engagement Committee comprises all of the Directors and is chaired by Henry Freeman. The Management Engagement Committee meets at least once a year or more often, if required. Its principal duties are to consider and review the management engagement terms on which each of the AIFM and the Portfolio Manager is engaged. Those terms are reviewed by the Committee annually, scrutinising and holding to account the performance of each of the AIFM, the Portfolio Manager and other service providers prior to the annual results announcement being released. Details of the Management Engagement Committee's activities during the period can be found on page 32.

Investment Committee

Laurence Hulse (Investment Director and Founder)

Laurence joined Dowgate Wealth in September 2022 as an Investment Director. Laurence started his career at Gresham House in 2015, around the time of its inception, and worked on a number of outperforming equity products as part of a small team during that time. At the time of his departure from Gresham House, he had co-managed or deputised on a number of equity funds; namely Gresham House Strategic plc (now called Rockwood Strategic plc), Strategic Public Equity Fund LP and Gresham House Smaller Companies Fund. He was awarded both AAA and AA- ratings by Citywire during this time and two of these co-managed funds achieved FE '5-crown' ratings while he was part of the team working on them. During his tenure, the company grew from a handful of employees and less than £50m assets to over 200 employees and in excess of £7.5 billion of assets. Gresham House was bid for by Searchlight Capital in Q3 2023 for a value of c.£500m, generating a total return to Gresham House Shareholders since the management buy-in in December 2014 of over 300%.

Laurence joined Dowgate to pursue a long-held ambition to build and manage an investment vehicle tailored for HNWIs and Family Offices focused on special situations in the UK, which perfectly aligns with the Dowgate ethos. The first step of this ambition was achieved with the floatation of Onward Opportunities in March 2023.

As an investor, Laurence strongly believes in creating value through change; whether that be strategic, operational or personnel within a business – particularly in small and micro-cap companies where the impacts of these changes tend to be most tangible. He prides himself on working actively with the Boards and Executive teams of investee companies to drive shareholder value through the investment cycle. He holds a truly active approach to investment management by applying private equity techniques to publicly listed companies. His enthusiasm and drive have allowed him to successfully garner a track record of outperformance and close industry network throughout his early career in the City.

Career highlights for Laurence include when he was nominated for the rising star of investment companies award in 2021 and the flotation of Onward Opportunities, the investment vehicle he founded, on the London stock market in 2023. His biggest achievement away from work was climbing Mount Kilimanjaro for charity at the age of 16. In addition to his duties as Investment Director, Laurence loves cycling, driving, and vintage cars.

Tom Teichman (Investment Committee Chair)

Tom started his career at Willis Faber & Dumas and then William Brandt's Sons & Co., becoming head of European merchant banking. Over the next 40 years he has sat on various credit and investment committees whilst working at Bankers Trust Company, Credit Suisse, Finanz AG, Mitsubishi Finance International, Bank of Montréal Nesbitt Thomson, NewMedia Investors, SPARK Ventures (which he co-founded), The Garage Soho (which he co-founded) and Gresham House Strategic, where he worked directly with Laurence Hulse. Tom was personally, or through investment vehicles he established, a very early-stage investor in MAID, Argonaut Games, ARC Risc Cores, lastminute.com, mergermarket.com, System C, Notonthehighstreet.com, made.com, moshimonsters.com, Kobalt Music Group and IMI Mobile.

He served on the boards of most of these companies, in some cases as chairman, advising on growth, funding and exit strategy. Some of these eventually went public or were acquired by major corporations, including The Financial Times and Oracle, and/or achieved valuations of over £1 billion.

Tom has a B.Sc. (Econ.) Hons. from University College, London and was born in Hungary. He has over 30 years' experience in venture capital and banking and has chaired or been a member of several credit and investment committees including the Gresham House Strategic Public Equity Investment Committee where he worked directly with Laurence Hulse from its inception.

Investment Committee (continued)

David Poutney (Investment Committee Member)

David is Chief Executive of Dowgate Capital and Chairman of, Dowgate Wealth, and Dowgate Group. His early career was in commercial banking and asset finance, after completing a history degree from Cardiff University in 1974. He made the transition into stockbroking a few years ahead of the Big Bang, becoming a number one rated financials analyst for 15 years at a number of well-known firms including BZW, James Capel and UBS. He moved into a broader role in corporate broking during the Dotcom boom of the 1990s and was involved in the flotation of a number of companies which survived the crash, notably Sports Internet Group which was taken over by Sky. After joining Numis in 2001 as head of corporate broking, he was responsible for a number of growth companies such as Domino's Pizza, Alliance Pharma and Learning Technologies Group. Overall, he was involved in the flotation of over 30 companies.

In addition to his positions at Dowgate Group, David is a non-executive director of AIM-quoted Franchise Brands plc and Belluscura plc and previously of Be Heard plc which also quoted on AIM before being sold to a private equity firm.

Jeremy McKeown (Investment Committee Member)

After obtaining an economics degree from Georgia State University, Jeremy began his career as a trainee investment analyst at the South Yorkshire Pension Fund in 1982. Over the following forty years, Jeremy worked on both the buy and sell sides of the UK stock market, including with companies such as Abbey Life, British Gas Pension Fund, Midland Bank, Charterhouse, Merril Lynch, Investec, Liberum and Royal Bank of Canada. Jeremy obtained an MBA from the City University Business School during this time. Jeremy built a reputation for independent advice to institutional small and mid-cap investors and worked on many equity capital market transactions. He led award-winning teams at Charterhouse, Merrill Lynch and Investec. Since 2020 Jeremy has worked as a consultant for a number of clients, including Dowgate and Progressive Equity Research. Jeremy is passionate about understanding the investment landscape from the macroeconomic backdrop to the entrepreneurs capable of delivering exceptional returns. He started writing a blog during the pandemic and launched a podcast series covering investment issues. Jeremy is a non-executive director at Cranfield University spinout, Loxham Precision.

Jay Patel (Investment Committee Member)

Jay is the Vice President and General Manager of Cisco's Webex CPaaS initiative and joined Cisco when the company he ran, IMIMobile, was acquired for US$730m in 2021. He helped start IMImobile PLC in 2003, as CEO led it to a successful IPO in 2014 and then delivered its exit to Cisco. Today Jay is working on combining the IMI platforms with relevant technologies from Webex to create solutions that help clients deliver the world's best customer experiences.

Jay is an experienced technology executive with over 25 years' commercial experience through operational, investment and advisory roles. He has had a successful career working with fast growth businesses and has served as both an executive and non-executive director on the boards of both private and public companies over the last 20 years.

Previously, Jay was a co-founder of venture capital firm Spark Ventures PLC (an early stage venture capital firm), where he led several successful investments, restructurings and exits in the technology sector across digital media and publishing, B2B software and B2C eCommerce. Jay has also worked in corporate finance roles at UBS Warburg and BSkyB and qualified as a Chartered Accountant with KPMG. He has an MBA from INSEAD and an Economics degree from London School of Economics.

Directors' Report

The Directors present their Report and the Audited Financial Statements of the Company for the period ended 31 December 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 investments in quoted 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 period under review is given in the Chair's Statement and the Portfolio Manager's Report.

Business and Tax Status

The Company has been registered with the GFSC as a closed-ended investment company under the Registered Collective Investment Schemes Rules and Guidance, 2021 ("the RCIS Rules) and the Protection of Investors (Bailiwick of Guernsey) Law, 2020 ("POI") Law and was incorporated in Guernsey on 31 January 2023. The Company operates under The Companies (Guernsey) Law, 2008 (the "Law").

The Company's shares are listed and traded on AIM.

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.

Foreign Account Tax Compliance Act ("FATCA")

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

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

Common Reporting Standard

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

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

Directors' Report (continued)

Going Concern

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

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, recent market volatility, the on-going impact of the Russian war on Ukraine and the conflict in the Middle East, energy shortages, inflation, increases in interest rates, recent bank failures and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At period end the Company had a net asset position of £17,069,000 comprising cash of £407,000, listed investments amounting to £16,695,000.

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments and paying company expenses. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward-looking liquidity requirements. In assessing its going concern status, the Directors have considered the level of operating expenses relative to net assets, such expenses approximating to 2.53% of net assets as at 31 December 2023.

Long-Term Viability Statement

The principal risks facing the Company are documented in the Business Risk Assessment and are described later in this report. The business model and investment strategy are described and evaluated in the Portfolio Manager's report. The Board's review of the effectiveness of the Company's risk management and internal control systems is described in the Audit Committee's report.

Given the liquid, tradeable nature of its assets it would take a general failure in the effective and ongoing operation of financial markets (cessation of market liquidity) to threaten the Company's solvency. Such a market failure could prevent investments held by the Company from being redeemed and thereby leave it potentially unable to meet its financial obligations as they fall due. Notwithstanding the uncertainty caused by recent market volatility, the on-going impact of the Russian war on Ukraine and the conflict in the Middle East, energy shortages, inflation, increases in interest rates, recent bank failures and other uncertainties impacting on the Company's investments, the fact that the operating expenses (excluding performance fees) of the Company represent less than 3.0% of its NAV on an annual basis makes this risk remote.

The Board has conducted a robust assessment of the principal and emerging risks and uncertainties facing the Company and has also assessed its long-term viability. The ongoing impact of both the Russian war on Ukraine and the conflict in the Middle East have formed part of this assessment. The key risk to the Company has been identified as a failure of the investment decision making process to generate NAV accretion that is in line with investors' expectations, and which is attractive on a risk adjusted basis when compared with alternative managed investment opportunities.

The Company's performance is measured on a monthly basis via both the NAV of its underlying investments and its share price. Key data inputs used by the Portfolio Manager when making investment decisions comprise company earnings, macro factors and indicators of sentiment. The Company's performance is compared primarily to peer group funds on a regular basis, and performance fees payable to the Portfolio Manager are calculated annually.

The significant majority of investment positions taken by the Company are in relatively liquid assets that can be converted to cash readily in the market and a great effort is made by the Portfolio Manager to minimise drawdowns and to maintain liquidity. Given that the Company's operating costs as a percentage of its realisable investment portfolio are low and that it is a closed-ended fund, the Directors consider there to be significant liquidity headroom available in all but the most extreme market failure scenarios.

Directors' Report (continued)

Long-Term Viability Statement (continued)

Despite the emphasis on short-term performance and resilience described above, not all investment positions are entered into with the expectation of them being unwound within twelve months. Moreover, the 'repeatability' of the investment process is of fundamental importance. The Portfolio Manager has developed analytical tools and processes that it seeks to apply on a consistent basis over time when making investment decisions. In this way it seeks to generate positive risk adjusted returns using strategies that are sustainable for the medium to long term. The time frame over which it is necessary to identify and respond to 'paradigm shifts' in economic markets is long term in nature. Factors such as government or central bank policies (e.g. quantitative easing) or external events (including wars and regional instability) can cause significant changes in investor sentiment, which can in turn alter market assessments of intrinsic value and correlations between different asset types. For these reasons, the Board considers a three-year time horizon to 30 April 2027 as being the appropriate period over which to assess future prospects and viability.

On the basis of the relevant and rigorous assessment described above, the Board believes that the Company will remain viable as a closed-ended investment company for at least the period ending 30 April 2027.

Results and Dividends

The results attributable to shareholders for the period are shown in the Statement of Comprehensive Income on page 45. The Directors have neither declared nor paid a dividend for the period.

Directors

The Directors of the Company who served during the period and to date are set out on pages 19 to 20.

Directors' Interests

The Directors held the following interests in the share capital of the Company either directly or beneficially as at 31 December 2023, and as at the date of signing these Audited Financial Statements:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 31 December 2023
Andrew Henton	100,000	0.6239
Susan Norman	20,000	0.1248
Henry Freeman	15,000	0.0936
Luke Allen	-	-
Adrian Norman (husband of Susan Norman)	4,878	0.0304

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

The Directors' compensation is reviewed annually and effective 30 March 2023, each Director is paid a basic fee of £27,500 per annum by the Company. In addition to this, the Chair receives an extra £11,500 per annum and the Audit and Risk Committee Chair receives an extra £3,500 per annum.

Directors' Report (continued)

Procedures for Identifying Risks

Principal Risks and Uncertainties

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

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

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

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

(i) market risk, including:

- Price risk, being the risk that the value of investments will fluctuate because of changes in market prices;
- interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates;

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

(iii) liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to sell 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 complies with the investment restrictions and diversification limits provided for in its Admission Document.

The Company invests and manages its assets with the objective of spreading risk. Further to the investment restrictions referenced, the Company also seeks to manage risk by:

- not incurring debt over 25% of its NAV, calculated at time of drawdown. The Company will target repayment of such debt within twelve months of drawdown; and

- not using derivatives for investment purposes. It is expected that the Company's assets will be predominantly denominated in Sterling and, as such, the Company does not intend to engage in hedging arrangements, although the Company may do so if the Board deems it appropriate for efficient portfolio management purposes.

Directors' Report (continued)

Principal Risks and Uncertainties (continued)

Other operational related risks identified by the Board include the following:

Portfolio concentration risk

The majority of the Company's portfolio is expected to be invested in approximately 10 to 15 companies, with a further 5 to 10 smaller portfolio holdings existing from time to time. As a result, the portfolio carries a higher degree of stock-specific risk than a more diversified portfolio.

This is mitigated by position sizing being relatively evenly spread across the portfolio to ensure that there isn't a disproportionately high level of exposure to a small number of assets within the portfolio itself. In addition, both the AIFM and the Portfolio Manager monitor that the investment restrictions as set out in its Admission Document are adhered to at all times.

Key person risk

At present the Company's investment selection, portfolio management and marketing functions are heavily reliant upon a single individual employed by the Portfolio Manager. This individual presents a key person risk as their departure or inability to continue to provide services to the Company could be significantly detrimental to its performance. This risk is countered by the fact that the key individual is reputationally and financially linked to the success of the Company, that there are other staff employed by the Portfolio Manager who could provide cover in the event of any unexpected absence, that there is a plan to procure additional staff resources as the Company grows in size and that contractual notice periods are in place in order to enable the Company sufficient time to find a replacement Portfolio Manager in the event that this became necessary.

Share price risk

There is a risk that the Company's shares trade at a discount to their prevailing Net Asset Value and that any discount may become embedded if it persists for a significant length of time, albeit that this is a function of supply and demand for the Company's shares in the market which cannot be controlled by the Board. The discount risk is mitigated by the fact that the Portfolio Manager, AIFM and Brokers review market conditions on an ongoing basis and will report to the Board if a persistent discount appears to be materialising. In addition, consideration has been given to discount management options as set out in the Company's Admission Document and the Company is committed to ensuring that secondary market liquidity is maintained via the issuance of informative investor communications and the engagement of active Brokers.

Conflicts of interest

The Portfolio Manager and/or companies with which it is associated may act as advisor in relation to, or be otherwise involved with, other investment funds or accounts which presents the risk of a conflict of interest. There is also a risk that key individuals at the Portfolio Manager may spend time on other structures rather than on providing services to the Company. This risk is mitigated by the fact that the Company has put a formal Conflicts of Interest Policy in place and that it has access to, and receives regular reporting from, the Portfolio Manager.

Directors' Report (continued)

Emerging Risks

Emerging risks, along with all other risks the directors have identified the Company as being exposed to, are monitored via the Company's Business Risk Assessment. During the year, as part of their regular review and assessment of risk, the Directors have continued to consider the impact of the emerging risks of climate change, the use of artificial intelligence, an escalation of the conflict in the Middle East, the current recessionary environment in the UK and the forthcoming UK general election on the Company's business model and viability, but do not consider these to be material risks at this time. With respect to climate change risk in particular, the Directors consider that the pricing of the underlying portfolio of the Company's investments reflects market participants' views of climate change risk and that there are no further climate related influences on the NAV of the Company at this point in time.

ESG and Climate Change Risks and Considerations

The momentum of ESG adoption in the asset management industry continued in 2023, as incoming regulations pushed asset owners to increase their demand for transparency. This is expected to have the dual benefits of supporting NAV growth for shareholders, and also (as ESG processes are further embedded within the wider investment sector) improving environmental outcomes by companies accessing capital via the public markets.

Climate change risk has been considered within the Emerging Risks section above.

Ongoing Charges

The ongoing charges figure for the period was 3.14%. The ongoing charges represent ongoing annual expenses of £431,333 divided by total average Net Asset Value for the period of £13,721,592. The ongoing charges has also been prepared in accordance with the recommended methodology provided by the Association of Investment Companies where performance fees of £28,350 have been excluded and represents the percentage reduction in shareholder returns as a result of recurring operational expenses.

Service Providers

Portfolio Management Agreement and Fees

The Portfolio Management Agreement between the Company, the AIFM, the Portfolio Manager and Laurence Hulse, pursuant to which the Portfolio Manager has been appointed, with effect from Admission, to act as the portfolio manager to the Company and the AIFM, was executed on 23 March 2023.

The initial term of the Portfolio Management Agreement is three years commencing on Admission (the "Initial Term"). The Company may terminate the Portfolio Management Agreement by giving the Portfolio Manager not less than 12 months' prior written notice such notice not to be served prior to the end of the Initial Term. The Portfolio Manager may terminate the Portfolio Management Agreement by giving the Company not less than 12 months' prior written notice such notice not to be served prior to the end of the Initial Term. The Portfolio Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach.

Under the terms of the Portfolio Management Agreement, the Portfolio Manager is entitled to an annual management fee, and in certain circumstances the payment of a Performance Fee, together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties.

In addition, in the event that the Key Man ceases to be involved in a material respect with the Portfolio Manager, the Company shall be entitled to terminate the Portfolio Management Agreement immediately without penalty by notice in writing if the Portfolio Manager, within 90 days of being requested by the Company to do so, is unable to present a proposal which is reasonably acceptable to the Board to replace the departed Key Man. The 'Key Man' shall be Laurence Hulse or any person approved as a replacement Key Man by the Board.

Directors' Report (continued)

Service Providers (continued)

Portfolio Management and Administration (continued)

The Company has given an indemnity in favour of the Portfolio Manager (subject to customary exceptions) in respect of the Portfolio Manager's potential losses in carrying on its responsibilities under the Portfolio Management Agreement.

Laurence Hulse is a party to the Portfolio Management Agreement to take the benefit of certain provisions. The Portfolio Management Agreement is governed by the laws of England and Wales. The Board has reviewed the performance of the Portfolio Manager since the date of its appointment and is satisfied that the continued appointment of the Portfolio Manager on the terms agreed is in the interests of the shareholders.

Administrator and company secretary

Apex Administration (Guernsey) Limited (the "Administrator") will be responsible for the day to day administration and company secretarial functions of the Company (including but not limited to the maintenance of the Company's accounting records, the calculation and publication of the Net Asset Value and the production of the Company's annual and interim report). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

The Administrator will be responsible for monitoring regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under UK Market Abuse Regulation (UK MAR).

The Administrator is a company incorporated in Guernsey with limited liability on 20 January 2010, with registered number 51371, and is licensed by the GFSC under the provisions of the POI Law to conduct certain restricted investment and administrative activities in relation to collective investment schemes. The Administrator, for the purposes of the POI Law and the RCIS Rules, is the 'designated administrator' of the Company. The Administrator's ultimate holding company is Apex Group Limited.

Alternative Investment Fund Managers Directive

The Company has appointed FundRock Management Company (Guernsey) Limited as the AIFM of the Company, pursuant to the AIFM Agreement. The AIFM will act at the Company's alternative investment fund manager for the purposes of the UK AIFM Regime.

The AIFM has formally delegated portfolio management functions to the Portfolio Manager as portfolio manager to the Company and the AIFM. The AIFM retains risk management functions in relation to the Company and is responsible for oversight of the portfolio management functions delegated to the Portfolio Manager.

The AIFM works closely with the Portfolio Manager in implementing appropriate risk measurement and management standards and procedures. The AIFM carries out the on-going oversight functions and supervision of the Portfolio Manager. The AIFM is legally and operationally independent of the Company and the Portfolio Manager.

Custodian

The Custodian of the Company is Butterfield Bank (Guernsey) Limited.

Registrar

Link Market Services (Guernsey) Limited was appointed as registrar to the Company pursuant to the Registrar Agreement dated 24 March 2023. In such capacity, the Registrar is responsible for the transfer and settlement of shares held in certificated and uncertificated form. The Register may be inspected at the office of the Registrar.

Directors' Report (continued)

Corporate Governance Statement

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

Board Responsibilities

The Board comprises four 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 Portfolio Manager for the purposes of the AIC Code. Biographies of the Directors for the period ended 31 December 2023 appear on pages 19 to 20 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. Whilst no limit has been imposed on the overall length of service of the Directors, 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 period.

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

The Audit and Risk Committee

Luke Allen is the Chair of the Audit and Risk Committee. A full report regarding the Audit and Risk Committee can be found in the Audit and Risk Committee Report.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Henry Freeman. The Management Engagement Committee meets at least once a year or more often, if required. Its principal duties are to consider the terms of appointment of the AIFM and the Portfolio Manager and it reviews these appointments and the terms of the AIFM Agreement and the Portfolio Management Agreement annually. The Management Engagement Committee also reviews the terms of appointment of other key service providers to the Company. Details of the management and performance fees can be found in note 5. The Management Engagement Committee did not meet during 2023 as the appointment of all service providers was subject to detailed scrutiny by the Board of the Company prior to the commencement of the Company's activities. The Committee will be reviewing the terms of appointment of all service providers and will be carrying out an in-person due diligence visit to the Portfolio Manager and the AIFM in the second quarter of 2024.

Substantial Shareholdings

On 10 April 2024, the latest practicable date for disclosure in this Report, the Company's only shareholders with a holding greater than 5% were Dowgate Capital Limited (10.7%) and Dowgate Wealth Limited (41.0%) .

Directors' Report (continued)

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 monthly net asset values on its ordinary shares on AIM and quarterly factsheets.

In line with principle 16 of the AIC Code, the Portfolio Manager communicates with both the Chair and shareholders and is available to communicate and meet with major shareholders. The Company has also appointed Cavendish Capital Markets Limited to liaise with all major shareholders together with the Portfolio Manager, 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 Portfolio Manager, is regularly updated with news and announcements. Information published online is accessible in many countries each with differing legal requirements relating to the preparation and dissemination of financial information.

Users of the Company's website are responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

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 Portfolio Manager will be available to discuss issues affecting the Company.

Shareholders are additionally able to contact the Board, Portfolio Manager and the Chair directly outside of meetings via the Company's dedicated e-mail address (ool@apexgroup.com) or by post via the Company Secretary. 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 Portfolio Manager 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 Henton
Chair
10 April 2024

Statement of Directors' Responsibilities

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

Guernsey Companies 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 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 Chair's Statement, the Portfolio Manager'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.

Statement of Directors' Responsibilities (continued)

Responsibility statement of the Directors in respect of the Report (continued)

We consider the 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 Henton
Chair
10 April 2024

Audit and Risk Committee Report

Role and Responsibility of the Committee

This is the report of the Audit and Risk Committee (herein the "Committee") which has been prepared with reference to the AIC Code and describes the work of the Committee in discharging its responsibilities.

The Committee meets formally at least three times each year and on an ad hoc basis when required and reports to the Board. It has formally delegated duties and responsibilities with written terms of reference which are reviewed and reapproved at least annually. Those terms of reference are published on the Company's website at https://onwardopportunities.co.uk/wp-content/uploads/2023/08/Audit-and-Risk-Committee-Terms-of-Reference.pdf

The Committee is mandated by the Board to investigate any activity within its terms of reference and to consult externally with legal or other independent professional advisors, as required, to ensure that the Committee adequately discharges its duties and responsibilities, which include:

a) considering the appointment of the external auditor, its letter of engagement and the terms thereof, the audit fee, and any questions of resignation or dismissal of the external auditor;

b) reviewing from time to time the effectiveness of the audit and the independence and objectivity of the external auditor;

c) developing and implementing policy on the engagement of the external auditor to supply non-audit services where necessary, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

d) reviewing the Company's half-yearly and annual financial reports, not excepting the full Board's responsibility over the reports, focusing particularly on:

- Any changes in accounting policies and practice;
- Major judgmental areas;
- Significant adjustments arising from the audit;
- The going concern assumption;
- Compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);
- Compliance with applicable legal and regulatory requirements;
- A risk management review; and
- Assessing the effectiveness of internal controls.

e) discussing any problems and reservations arising from the final audit, and any other matters which the auditor may wish to discuss (in the absence of the Company's agents where necessary);

f) reviewing the external auditor's Report to the Committee and determining whether any changes have to be implemented as a result;

g) reviewing, on behalf of the Board, the Company's systems of internal controls (including financial, operational, compliance and risk management) and making recommendations to the Board;

h) considering the major findings of internal investigations and management's response;

i) reviewing the Company's operating, financial and accounting policies and practices;

j) considering any other matters specifically delegated to the Committee by the Board from time to time;

k) reporting to the Board on how it performs its duties; and

Audit and Risk Committee Report (continued)

Role and Responsibility of the Committee (continued)

l) confirming to the Board as to whether the annual report and audited Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Committee may review any matter that it considers appropriate not withstanding that it is not specifically mentioned in the above list of duties.

Composition

The Committee is comprised of all of the Directors with Luke Allen acting as permanent Chair. The membership of the Committee and its terms of reference are kept under review. All members of the Committee have relevant competence in the sector in which the Company operates in addition to relevant financial experience as required by the Code.

Only independent non-executive Directors serve on the Committee and the members do not have any links with the Company's external auditor. They are also independent of the management teams of the Portfolio Manager, administrator and all other service providers. Notwithstanding that Andrew Henton is Chair of the Board, he was independent upon appointment, so is a member of, but may not chair, the Committee.

The Committee meets the external auditor at least twice a year.

Oversight of Controls and Risk Management Systems

The Board, via its Management Engagement Committee, conducts an annual Business Risk Assessment in conjunction with the Portfolio Manager and the AIFM. The intention of this exercise is to identify and articulate the material risks that might affect the Company and its trading prospects, the likelihood of them occurring and their assessed impact. As part of this process the explicit controls intended to mitigate either or both of the risk of occurrence, or the impact of an occurrence, are also articulated. In this way a residual net impact assessment is derived.

The Management Engagement Committee will hold meetings with the Portfolio Manager, the AIFM and the Administrator on a regular basis, to review and inspect operations. The Management Engagement Committee will review senior staff members responsible for the internal control and oversight functions, and who report as to the proper conduct of the business in accordance with the regulatory environment in which both the Company and the Portfolio Manager operate.

The oversight programme will follow a preplanned agenda involving reviews of, inter alia (i) changes that have taken place within operations; (ii) IT systems and controls, including cyber security arrangements; (iii) regulatory compliance; (iv) investor relations; (v) the valuation of any unquoted investments; (vi) the risk register, complaints, errors and breaches logs and business continuity arrangements; (vii) ESG and responsible investment policies; and (vii) the impact of external factors such as the Russia / Ukraine conflict and the conflict in the Middle East. The results of the oversight visits and questionnaires will be documented and discussed at a meeting of the Management Engagement Committee.

As part of the oversight programme, the Portfolio Manager, the AIFM and the Administrator report formally to the Committee at least annually on their systems of internal controls. In accordance with the provisions of the Code, the Committee has conducted a review of those systems of internal controls and is satisfied that they are sufficient to withstand the risks to which the Company is subject.

Audit and Risk Committee Report (continued)

Oversight of Controls and Risk Management Systems (continued)

As the Company is a closed-ended investment company, all of whose Directors are non-executive, and as all executive functions have been delegated to professional third party advisors, the Committee does not consider it necessary for the Company to have its own internal audit function. Whilst no reliance can be placed on them, reviews conducted on the Portfolio Manager's operations by independent custodians, and on-site due diligence visits by prospective investors and their professional advisers provide a degree of additional third party comfort.

Whilst the Company does not have any staff, the Committee considers that the arrangements by which staff of the Portfolio Manager, the AIFM and the Administrator may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters are of great importance. The Committee reviews such arrangements annually and, as required by the Code, is satisfied that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Significant Risks in Relation to the Report and Audited Financial Statements

In discharging its responsibilities, the Committee has specifically considered the following significant issues relating to the Financial Statements:

Valuation of Investments

The Board reviews portfolio valuations on a regular basis throughout the year, and at quarterly meetings with the Portfolio Manager seeks assurance that the pricing basis is appropriate and in line with relevant accounting standards. The Company's net asset value is calculated on a monthly basis by the Administrator.

The impact of the Russia / Ukraine conflict and the conflict in the Middle East on financial markets has been significant, reflecting disruption to international supply chains, the interruption of production generally, higher short and long-term interest rates, inflationary pressures, delays in corporate activity and investment, uncertainty about the availability of financing and increased volatility in the value of financial instruments. The Committee has considered the particular circumstances of the Company in light of these issues, in particular the associated risk exposures and implications for financial reporting.

As an investment company, the Company does not have employees, customers or suppliers in a conventional sense as a trading/operating company does. Reliance is however placed on service providers, principally the Portfolio Manager, the AIFM and the Administrator. The Committee has been kept appraised of business continuity measures enacted by these key service providers and is receiving updates in relation to any emergent risks, vulnerabilities and the continued effectiveness of internal controls. Information flows between the Portfolio Manager and other advisers have been effective and a key component of oversight in prevailing conditions. Both the Board and the Portfolio Manager are maintaining dialogue with shareholders in order to provide transparency.

Completeness and accuracy of the disclosures in the Financial Statements

The Committee concluded that all appropriate and required disclosures have been incorporated in the Financial Statements and drew comfort from the fact that multiple layers of oversight exist to achieve this objective. Specifically, the administrator, Portfolio Manager and external auditor have all performed their own checks for completeness.

The Committee continues to give particular attention to the extent of disclosures about the Company's underlying portfolio. Risk measures, sensitivities and performance are driven by the make-up of the portfolio and hence detailed disclosures about it are appropriate to permit a full understanding of the accounts.

Audit and Risk Committee Report (continued)

Significant Risks in Relation to the Report and Audited Financial Statements (continued)

Presentation of Financial Statements

The Committee considered the complexity of the Financial Statements in their entirety, and the descriptive narrative supporting the financial disclosures. It was recognised that the sophistication of the investment strategy pursued by the Company does not lend itself to description in 'plain English' and that the use of technical terminology was not always consistent with the goals of ensuring transparency and maximising ease of understanding.

On balance the Committee concluded that the benefits of accurate - but detailed - descriptive narrative outweighed the possible benefit of simplified summaries. The nature of the shareholder base (predominantly sophisticated professional investors) was an important factor in reaching this conclusion.

Going concern

The Committee reviewed the assumptions upon which it is assumed that the Company can continue to operate on a going concern basis as set out in the Directors' Report. In so doing, it assessed outstanding financial obligations and calls on the Company's resources, investment performance and the meeting of shareholders' expectations.

Assessment of the External Audit Process

The Company's auditor was appointed immediately prior to the launch of the Company in March 2023. The Committee, in conjunction with the Board, is committed to reviewing this appointment on a regular basis to ensure that the Company is receiving an optimal level of service. The appointment of the auditor is reviewed on an annual basis. There are no contractual obligations which restrict the Company's choice of auditor and the Board is satisfied that the auditor remains independent.

The Committee does not award any non-audit work other than the review of its interim Financial Statements for the half year ended 30 June. The full Board would have to approve any other non-audit work. Where non-audit services are provided by the auditor, these engagements are pre-approved by the Committee to ensure that the auditor's independence and objectivity is not breached, and a recommendation is made to the Board. Whilst interim reviews of financial information are considered to be a non-audit service, the Committee did not consider that this role undermined the auditor's independence. No other non-audit services were provided in 2023.

The Committee considered the experience and tenure of the audit partner and staff and the nature and level of services provided. The Committee received confirmation from the auditor that it had complied with the relevant Guernsey professional and regulatory requirements on independence.

The Committee considers the nature, scope and results of the auditor's work and monitors the independence of the external auditor. Formal reports are received from the auditor on an annual basis relating to the extent of their work. The work of the auditor in respect of any significant audit issues and consideration of the adequacy of that work is discussed.

The Chair of the Committee liaises with the Portfolio Manager and the Administrator to discuss the extent of audit work completed to ensure all matters of risk are covered, while the Committee assesses the quality of the draft Financial Statements prepared by the Administrator.

The Committee has an active involvement in and oversight of the preparation of both half yearly and annual Financial Statements. Ultimate responsibility for reviewing and approving the Report and Audited Financial Statements remains with the Board.

Assessment of the External Audit Process (continued)

The table below summarises the remuneration for services provided to the Company by Grant Thornton Limited Channel Islands for audit and non-audit services during the year ended 31 December 2023.

	31 December 2023 £
Annual audit fee	20,000
Interim review	16,000
	36,000

Conclusion in respect of the Report and Audited Financial Statements

The production of the Company's Report and Audited Financial Statements is a comprehensive process requiring input from a number of different parties. One of the key governance requirements is that the Company's Report and Audited Financial Statements be fair, balanced and understandable. The Board has requested that the Committee advise on whether it considers that the Report and Audited Financial Statements fulfils these requirements.

As a result of the work performed, the Committee recommended that the Board should conclude that the Report and Audited Financial Statements for the Year, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Directors' Report above.

Luke Allen
Chair of Audit & Risk Committee
10 April 2024

Independent Auditor's Report to the Shareholders of Onward Opportunities Limited

Opinion

We have audited the financial statements of Onward Opportunities Limited (the "Company") which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the Statement of Cash Flows for the period then ended, and Notes to the financial statements, including a summary of material accounting policies. The financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the Company's profit for the period then ended;
- are in accordance with IFRSs as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

The key audit matter	How the matter was addressed in our audit
Existence and Valuation of Quoted Investments - Equity Instruments £16,695,000 Due to the use of a custodian, accounting records may not match the custodian's records with respect to securities held; and The fair value measurements at the reporting date may be inaccurate due to the use incorrect inputs. The portfolio of investments is fully comprised of quoted investments which are held by an external Custodian and valued using publicly available quoted market prices, in accordance with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement. Whilst the valuation of these investments is not considered complex, nor does it involve significant judgements and estimates to be made by management, the market value of investments is material to the Company, as it represents 98% of the net asset value as at 31 December 2023 and represents a balance	In responding to the key audit matter, we performed the following audit procedures: • We obtained an understanding of the processes, policies, and controls in relation to the valuation of investments and performed tests of design and implementation of controls relevant to the valuation of investments. • We obtained year end confirmation from the Custodian confirming the number of shares owned. • We reviewed information about the trading history of the investee companies to determine whether the shares are traded in an active market to verify the accuracy of the classification as level 1 instruments. • We obtained the quoted prices as at the reporting date from independent publicly available sources and compared them to the share prices used by management.

The key audit matter	How the matter was addressed in our audit
considerably larger than any other reported balance within the Company's financial statements. In addition, due to the regular/frequent trading of investment positions held by the Company, there is a risk that the reported investment portfolio at the year end, may be misstated. Due to the financial significance of the investments held at the year-end, an error or misstatement regarding the recognition/ inclusion of a single investment could lead to a material misstatement.	• We recalculated the valuation per the accounting records using the quoted share prices obtained from the relevant stock exchanges and the confirmed number of shares from the custodian. **Our result** Based on our work, we did not note any material misstatements relating to the valuation and existence of investments.

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited financial statements 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, except to the extent otherwise explicitly stated in our report, we do not express 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.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 34 the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as adopted by the EU, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities of the audit of the financial statements

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

Independent Auditor's Report to the Shareholders of Onward Opportunities Limited

Auditor's responsibilities of the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cyril Swale.

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report to the Shareholders of Onward Opportunities Limited

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

DocuSigned by:

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Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 10 April 2024

Statement of Comprehensive Income

For the period from 31 January 2023 to 31 December 2023

	Notes	Revenue £'000	Capital £'000	Total £'000
				Period from 31 January 2023 to 31 December 2023
Net gains on investments held at fair value through profit or loss	9	–	1,843	1,843
Net investment gains		**–**	**1,843**	**1,843**
Interest income		8	14	22
Dividend income		–	127	127
Total income		**8**	**141**	**149**
Portfolio management and performance fees	5	(156)	(28)	(184)
Other expenses	6	(275)	–	(275)
Total (loss) / gain and comprehensive (loss) / income for the period		**(423)**	**1,956**	**1,533**
(Deficit) / earnings per Ordinary Share (pence)	7	**(3.81)**	**17.56**	**13.75**

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 49 to 64 form an integral part of these Audited Financial Statements.

Statement of Financial Position
As at 31 December 2023

	Notes	31 December 2023 £'000
Non-current assets		
Investments held at fair value through profit or loss	9	16,695
Current assets		
Cash and cash equivalents		407
Other receivables		38
Unsettled trades	10	157
		602
Total assets		**17,297**
Current liabilities		
Management fee payable	5	(22)
Performance fee payable	5	(28)
Unsettled trades	10	(132)
Other payables		(46)
Total liabilities		**(228)**
Net assets		**17,069**
Equity		
Share capital	11	15,536
Capital reserve		1,956
Revenue reserve		(423)
Total equity		**17,069**
Net Asset Value per Ordinary Share: basic and diluted (pence)	12	106.50
Number of Ordinary Shares in issue	11	16,027,290

Approved by the Board of Directors and authorised for issue on 10 April 2024 and signed on their behalf:

Director

The notes on pages 49 to 64 form an integral part of these Audited Financial Statements.

Statement of Changes in Equity

For the period from 31 January 2023 to 31 December 2023

	Share capital £'000	Revenue reserve £'000	Capital reserve £'000	Total £'000
For the period 31 January 2023 to 31 December 2023				
At 31 January 2023	–	–	–	–
Share issue (note 11)	16,109	–	–	16,109
Share issue costs (note 11)	(573)	–	–	(573)
Total (loss) / gain and comprehensive (loss) / income for the period	–	(423)	1,956	1,533
At 31 December 2023	**15,536**	**(423)**	**1,956**	**17,069**

The notes on pages 49 to 64 form an integral part of these Audited Financial Statements.

Statement of Cash Flows

For the period from 31 January 2023 to 31 December 2023

	Notes	Period from 31 January 2023 to 31 December 2023 £'000
Cash flows from operating activities		
Other expense payments	13	(274)
Interest income		22
Purchase of UK Government Debt	9	(15,556)
Sale of UK Government Debt	9	15,736
Purchase of equity instruments	9, 10	(17,543)
Sale of equity instruments	9, 10	2,486
Net cash outflow from operating activities		**(15,129)**
Cash flows from financing activities		
Issue of Ordinary Shares	11	16,109
Share issue costs	11	(573)
Net cash inflow from financing activities		**15,536**
Net increase in cash and cash equivalents		**407**
Cash and cash equivalents at beginning of period		–
Cash and cash equivalents at end of period		**407**
Cash and cash equivalents comprise of the following:		
Cash at bank		407
		407

The notes on pages 49 to 64 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements

For the period from 31 January 2023 to 31 December 2023

1. Reporting Entity

Onward Opportunities Limited (the "Company") is registered in Guernsey and was incorporated on 31 January 2023, with registered number 71526. 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 2804577, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Collective Investment Scheme Rules and Guidance, 2021.

The Company's 16,027,290 shares in issue under ticker ONWD, SEDOL BMZR151 and ISIN GG00BMZR1514 were admitted to trading on AIM on 31 December 2023. The Company is also a member of the AIC. The Audited Financial Statements of the Company are presented for the eleven month period ended 31 December 2023.

The Company and its Alternative Investment Fund Manager received discretionary portfolio management services directly from Dowgate Wealth Limited ("DWL") during the eleven month period ended 31 December 2023. The administration of the Company is delegated to Apex Administration (Guernsey) Limited ("AAGL") (the "Administrator") (formerly Maitland Administration (Guernsey) Limited).

2. Material accounting policies

(a) Basis of accounting

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

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

(b) Going concern

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

In assessing the going concern basis of accounting, the Directors have assessed the guidance issued by the Financial Reporting Council and considered the Company's own financial position, recent market volatility, the on-going impact of the Russian war on Ukraine and the conflict in the Middle East, energy shortages, inflation, increases in interest rates, recent bank failures and other uncertainties impacting on the Company's investments, their financial position and liquidity requirements.

At period end the Company had a net asset position of £17,069,000 comprising cash of £407,000, listed investments amounting to £16,695,000.

The Company generates liquidity by raising capital and exiting investments. It uses liquidity by making new and follow-on investments and paying company expenses. The Directors ensure it has adequate liquidity by regularly reviewing its financial position and forward-looking liquidity requirements. In assessing its going concern status, the Directors have considered the level of operating expenses relative to net assets, such expenses approximating to 2.53% of net assets as at 31 December 2023.

2. Material accounting policies (continued)

(c) Segmental reporting

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

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

(d) Functional and presentational 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 ("£"). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(e) Income

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

(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 Audited Statement of Comprehensive Income and are charged to revenue. Performance fee is charged to the capital column in the Audited 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 period. Exemption is applied and granted annually and is subject to the payment of a fee which was £1,200 for the period. The fee increased to £1,600 per annum with effect from 1 January 2024.

(i) Financial instruments

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 which are directly attributable to the acquisition are capitalised.

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

2. Material accounting policies (continued)

(i) Financial instruments (continued)

Classification

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

- those to be measured 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.

Subsequent measurement of financial assets

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.

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 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: (i) on an annual basis; and (ii) where DWL 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;

2. Material accounting policies (continued)

(i) Financial instruments (continued)

Financial assets at fair value through profit or loss (continued)

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

- 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 on investments held at fair value through profit or loss" in the Audited 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.

Impairment of financial assets

The Company recognises lifetime expected credit losses (ECL) for other receivables and related party receivables, as the receivables are from loans with non-contractual payment terms. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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.

2. Material accounting policies (continued)

(i) Financial instruments (continued)

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, 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 period end was cash at bank of £407,000.

(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 Audited Statement of Comprehensive Income.

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

(m) Capital reserve

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

(n) Revenue reserve

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

2. Material accounting policies (continued)

(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 period. Actual results could differ from those estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Climate Change

In preparing the Company's Financial Statements the Directors have considered the impact of climate change risk as a principal risk as set out in the Principal and Emerging Risks and Uncertainties section of the Directors' Report and have concluded that it does not have a material impact on the value of the Company's investments. In line with IFRS, investments are valued at fair value as disclosed in Note 9. The Directors consider that the pricing of the underlying portfolio of the Company's investments reflects market participants' views of climate change risk and that there are no further climate related influences on the NAV of the companies in which the Company invests.

There are no estimates or critical accounting judgements to note in the current year.

4. New and revised standards

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company.

- Classification if Liabilities as Current or Non-current (Amendments to IAS 1) that become effective for periods beginning on or after 1 January 2024;
- The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21) that become effective for periods beginning on or after 1 January 2025; and
- Supplier Finance Arrangement (Amendments to IAS and IFRS 7) that become effective for periods beginning on or after 1 January 2024.

Standards, amendments and interpretations effective during the year

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 31 January 2023 that have a material effect on the financial statements of the Company.

5. Portfolio management and performance fees

	31 January 2023 to 31 December 2023 £'000
Portfolio management fees [2]	156
Portfolio performance fees	28
Total portfolio management and performance fees	**184**

The Company procures portfolio management services directly from DWL, under the Portfolio Management Agreement.

Management fee

The monthly management fee is equal to 1.5% of the Net Asset Value is up to and including £50m and 1% of the Net Asset Value that is above £50 million (the "Management Fee"). The management fee is calculated and paid monthly in arrears.

As at 31 December 2023, an amount of £21,818 was outstanding in respect of management fees.

Performance fee

For the period ended 31 December 2023, a performance fee may be payable, the sum of which is equal to 12.5% 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 30 March 2023 and ending on 31 December 2023 (the "Calculation Period").

As at 31 December 2023, the Company had exceeded the High Water Mark and Performance Hurdle therefore an accrual of £28,350 for performance fees has been reflected within these Audited Financial Statements. The Performance fee is accrued on an ongoing basis and reflected as such in the NAV reporting.

[2] Portfolio management fees were only accrued from 30 March 2023 being the launch date of the Company

6. Other expenses

	31 January 2023 to 31 December 2023 £'000
Directors' fees	95
Administration fee	61
Auditor's remuneration for:	
– audit fees	20
– non-audit fees	16
Custodian fees	10
Broker fees	8
Registrars' fees	4
Listing fees	9
Regulatory fees	28
Legal and professional fees:	
– ongoing operations	12
Directors' liability insurance	3
Sundry expenses	9
Total other expenses	**275**

7. (Deficit) / Earnings per Ordinary Share

	31 December 2023	
	Net return £'000	Per share pence
Revenue return	(423)	(3.81)
Capital return	1,956	17.56
At 31 December	**1,533**	**13.75**
Weighted average number of Ordinary Shares		11,144,294

The return per share is calculated using the weighted average number of Ordinary Shares.

8. Dividends

The Board has not declared or paid any dividends during the period.

9. Investments held at fair value through profit or loss

	UK Government Debt 31 December 2023 £'000	Equity instruments 31 December 2023 £'000
Opening book cost	–	–
Opening investment holding unrealised gains	–	–
Opening valuation	–	–
Movements in the period		
Purchases at cost	15,556	17,675
Sales – proceeds	(15,736)	(2,643)
Net gains on investments held at fair value through profit or loss	180	1,663
Closing valuation	**–**	**16,695**
Closing book cost	–	15,032
Closing investment holding unrealised gains	–	1,663
Closing valuation	**–**	**16,695**
Movement in unrealised gains during the period	–	3,259
Movement in unrealised losses during the period	–	(1,873)
Realised gain on sale of investments	180	277
Net gain on investments held at fair value through profit or loss	**180**	**1,663**
Total net gain on investments held at fair value through profit or loss		**1,843**

10. Unsettled trades

At period end, the net amount in relation to trades that were settled post year end is £24,900. The table below summarises these trades as at 31 December 2023.

	£'000	Settlement date
Payable		
Mpac Group plc	(31)	3 January 2024
Springfield Properties plc	(57)	3 January 2024
Transense Technologies plc	(10)	3 January 2024
Windward plc	(34)	2 January 2024
Total unsettled trades payable	**(132)**	
Receivable		
Pinewood Technologies plc	157	2 January 2024
Total unsettled trades receivable	**157**	
Net unsettled trades	**25**	

11. Share capital

Ordinary Shares at no par value	No of shares	£'000
Opening balance as at 31 January 2023	–	–
Issue of shares	16,027,290	16,109
Issue costs	–	(573)
At 31 December 2023	**16,027,290**	**15,536**

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.

12. Net Asset Value per Ordinary Share

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

	31 December 2023	
	NAV per share pence	**NAV attributable £'000**
Ordinary Shares: basic and diluted	**106.50**	**17,069**

The Net Asset Value per Ordinary Share is based on 16,027,290 Ordinary Shares, being the number of Ordinary Shares in issue at the period end.

13. Other expense payments

	31 December 2023 £'000
Total gains for the period	1,533
Net gains on investments held at fair value through profit or loss	(1,843)
Interest income	(22)
Movement in working capital	
Increase in other receivables	(38)
Increase in payables	96
Total other expense payments	**(274)**

14. 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 Audited 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 period end date, without adjustment for transaction costs necessary to realise the asset. Other financial instruments not carried at fair value are typically short-term in nature and reprice to the current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, other receivables and other payables.

The Company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements.

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.

14. Financial instruments and capital disclosures (continued)

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

At 31 December 2023	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity instruments	16,695	–	–	16,695
	16,695	**–**	**–**	**16,695**

The Company only has exposure to level 1 instruments in the current period.

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

	December 2023 £'000 Level 1
Opening balance	–
Purchases at cost	33,231
Sales at cost	(18,379)
Total gains included in net gains on investments in the Audited Statement of Comprehensive Income	
– on assets sold	457
– on assets held at period end	1,386
	16,695

Investments are transferred 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;

(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.

14. Financial instruments and capital disclosures (continued)

Market and 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 10% at 31 December 2023, the impact on the net asset value would have been £1,669,500/-£1,669,500. The calculations are based on the investment portfolio valuation as at the Audited Statement of Financial Position date and are not necessarily representative of the period as a whole.

Interest rate risk
As at 31 December 2023 the financial assets and financial liabilities exposed to interest rate risk are as shown below:

	In one year or less £'000	Greater than one year £'000	2023 Total £'000
Cash at bank	407	–	407
Total	**407**	**–**	**407**

Interest risk table

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

2023	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Assets					
Cash at bank	Daily bank	407	–	–	407
Unsettled trades	Interest free	157	–	–	157
Other receivables	Interest free	38	–	–	38
Total		**602**	**–**	**–**	**602**

2023	Interest rate %	Year 1 £'000	Year 1 – 2 £'000	Over 2 years £'000	Total £'000
Liabilities					
Other current liabilities	Interest free	228	–	–	228
Total		**228**	**–**	**–**	**228**

14. 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 Audit and 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 Audited Statement of Financial Position date, and the main exposure to credit risk is via the Company's Custodian 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 Total
	£'000
Cash at bank	407
Unsettled trades	157
Other receivables	38
Total	**602**

All the assets of the Company which are traded on a recognised exchange are held on its behalf by Butterfield Bank (Guernsey) Limited, the Company's Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited.

The credit risk on cash is controlled through the use of counterparties or banks with high credit ratings, rated B 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 £407,000 was held with Butterfield Bank (Guernsey) Limited and Alpha FX Group plc at period end.

The credit rating of Butterfield Bank (Guernsey) Limited was A2 and Alpha FX Group plc was B at the period end[3].

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

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

14. Financial instruments and capital disclosures (continued)

Liquidity risk (continued)

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 Total £
Assets				
Cash at bank	407	–	–	407
Unsettled trades	38	–	–	38
Other receivables	157	–	–	157
Liabilities				
Current liabilities	(228)	–	–	(228)
Total	**374**	–	–	**374**

The Board, ensure that a robust assessment of the principal risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks.

Capital management objectives, policies and procedures

The structure of the Company's capital is described in note 11 and details of the Company's reserves are shown in the Audited Statement of Changes in Equity on page 47.

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 securities of UK smaller companies that are predominantly listed or admitted to trading on markets operated by the London Stock Exchange.

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

- the extent to which revenue reserves should be retained or utilised; and
- ensuring the Company's ability to continue as a going concern.

Notes to the Audited Financial Statements (continued)

For the period from 31 January 2023 to 31 December 2023

15. Related parties

DWL provides portfolio management services to the Company.

	31 January 2023 to 31 December 2023 £'000
Fees charged / (recharged) by DWL:	
Management fees	
Total management fee charged	156
Management fee outstanding	22
AIFM recharge	
Total AIFM fee recharged	(38)
AIFM fee recharge outstanding	(4)
Performance fees	
Total Performance fees charged	28
Performance fees outstanding	28
AIFM fee charged by FundRock:	
Total AIFM fee charged	38
AIFM fee outstanding	4
Directors' fees:	
Total Directors' fees charged	95
Directors' fees outstanding	–

As at 31 December 2023 the following Directors have holdings in the Company:

	Number of Ordinary Shares	% Ordinary Shares in issue as at 31 December2023
Andrew Henton	100,000	0.6239
Susan Norman	20,000	0.1248
Henry Freeman	15,000	0.0936
Luke Allen	-	-
Adrian Norman (husband of Susan Norman)	4,878	0.0304

16. Post statement of financial position events

The Company has raised gross proceeds of approximately £1.65 million by way of a direct subscription, by new and existing investors, for 1,513,240 new ordinary shares at a price of 110 pence per new ordinary share.

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

Corporate Information

Directors
Andrew Henton, Chair
Henry Freeman
Luke Allen
Susan Norman

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

Portfolio Manager
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London
EC4A 1BW

AIFM
FundRock Management Company (Guernsey) Limited
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Royal Avenue
St Peter Port
Guernsey, GY1 2HL

Nominated Advisor and Joint Broker
Cavendish Capital Markets Limited (formerly Cenkos Securities plc)
6-8 Tokenhouse Yard
London
EC2R 7AS

Joint Broker
Dowgate Capital Limited
15 Fetter Lane
London
EC4A 1BW

Administrator and Company Secretary
Apex Administration (Guernsey) Limited
(formerly Maitland Administration (Guernsey) Limited)
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey, GY1 2HL

Corporate Information (continued)

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Guernsey

Custodian
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