BMO Private Equity Trust PLC

Annual Report and Accounts

31 December 2019

BMO Private Equity Trust PLC

Celebrating 20 years – 1999 to 2019

Contents

Company Overview

The Company

BMO Private Equity Trust PLC ('the Company') is an investment trust and its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Objective and Investment Policy

The Company's objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

The Company's investment policy is contained on page 9.

Dividend Policy

The Company aims to pay quarterly dividends with an annual yield equivalent to not less than four per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid. All quarterly dividends will be paid as interim dividends. The interim dividends payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December are expected to be paid in the following July, October, January and April respectively.

Management

The Company's investment manager, BMO Investment Business Limited ('the Manager') is a wholly owned subsidiary of BMO Asset Management (Holdings) PLC.

BMO Asset Management (Holdings) PLC is wholly owned by Bank of Montreal ("BMO") and is part of the BMO Global Asset Management group of companies.

Capital Structure as at 31 December 2019

73,941,429 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

Further details of the Company's capital structure, including the rights attributable to the Ordinary Shares, are provided on page 27.

How to Invest

The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 75.

Visit our website at: **www.bmoprivateequitytrust.com.**

Financial Highlights

23.6%

Share price performance

- Share price total return [1] for the year of 23.6 per cent for the Ordinary Shares.

10.6%

NAV total return

- Net Asset Value total return [1] for the year of 10.6 per cent for the Ordinary Shares.

15.33p

Quarterly dividends

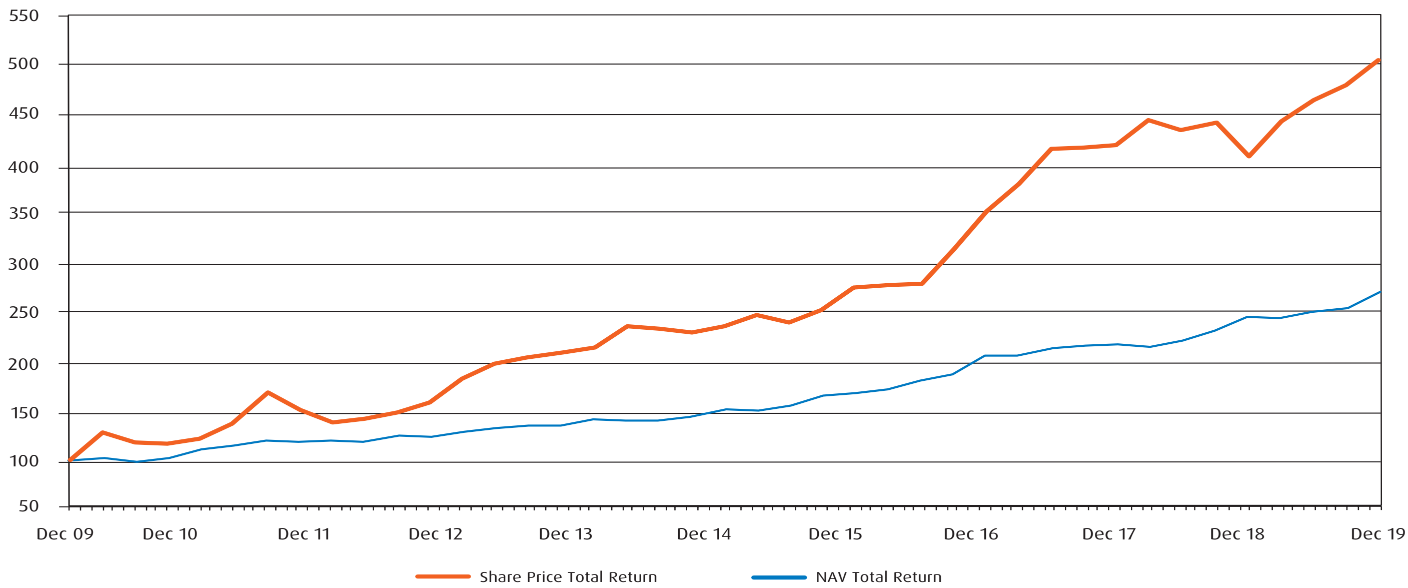
- Total quarterly dividends of 15.33p per Ordinary Share
  - Quarterly dividend of 3.73p per Ordinary Share paid 31 July 2019
  - Quarterly dividend of 3.81p per Ordinary Share paid 31 October 2019
  - Quarterly dividend of 3.87p per Ordinary Share paid on 31 January 2020
  - Quarterly dividend of 3.92p per Ordinary Share payable 30 April 2020

4.1%

Dividend yield

- Dividend yield [2] of 4.1 per cent based on the year-end share price.

The Longer Term Rewards



[1] Total Return. Refer to Alternative Performance Measures on page 72.

[2] Dividend Yield. Refer to Alternative Performance Measures on page 71.

Summary of Performance

Total Returns for the Year*	31 December 2019	31 December 2018	% change
Net asset value per Ordinary Share	**+10.6%**	12.4%	
Ordinary Share price	**+23.6%**	-2.6%	
Capital Values			
Net assets (£'000)	**304,277**	285,631	+6.5
Net asset value per Ordinary Share	**411.51p**	386.29p	+6.5
Ordinary Share price	**375.50p**	317.00p	+18.5
Discount to net asset value †	**8.8%**	17.9%	
Income			
Revenue return after taxation (£'000)	**2,547**	464	
Revenue return per Ordinary Share	**3.45p**	0.63p	
Dividends per Ordinary Share	**15.33p**	14.37p	
Dividend Yield †	**4.1%**	4.5%	
Gearing †	**12.0%**	1.9%	
Ongoing Charges †			
As a percentage of average net assets	**1.2%**	1.3%	
As a percentage of average net assets including performance fees	**1.9%**	2.1%	
Future commitments (£'000)	**147,107**	130,928	

* Total return is the combined effect of any dividends paid, together with the rise or fall in the net asset value per Ordinary Share or share price. Any dividends are assumed to have been re-invested in either the Company at net asset value or share price.

† Refer to Alternative Performance Measures on pages 71 and 72.

Sources: BMO Investment Business and Refinitiv Eikon

Chairman's Statement

Mark Tennant, Chairman

Introduction

I am pleased to report that your Company has achieved a net asset value ("NAV") total return for the year ended 31 December 2019 of 10.6 per cent. The NAV total return for the fourth quarter was 6.3 per cent. The share price discount at the year-end was 8.8 per cent (2018: 17.9 per cent). The share price total return for the year was therefore an impressive 23.6 per cent. This compares to a total return from the FTSE All-Share Index for the year of 19.2 per cent. The share price at the year-end was 375.50p per share (2018: 317.00p), and NAV per share was 411.51p (2018: 386.29p).

During the year the Company made new investments either through funds or as co-investments, totalling £65.1 million. Realisations and associated income totalled £46.3 million. Outstanding undrawn commitments at the year-end were £147.1 million of which £15.1 million was to funds where the investment period has expired.

The Company's performance fee arrangements contain a hurdle rate, calculated over rolling three-year periods, of an IRR of 8.0 per cent per annum. The annual IRR of the NAV for the three-year period ended 31 December 2019 was 9.7 per cent and, consequently, a performance fee of £1.9 million is payable to the Manager, BMO Investment Business Limited, in respect of 2019. This is the seventh consecutive year that a performance fee has been payable, demonstrating consistent performance and providing shareholders with an attractive total return, which includes capital growth and an above average dividend yield.

Dividends

Since 2012 your Company has paid a substantial dividend from realised capital profits allowing shareholders to participate, to some degree, directly in the proceeds of the steady stream of private equity realisations which the Company achieves. This policy has been well received by shareholders and provides for a steadily growing dividend with downside protection. Your Board is fully committed to maintaining this general approach for the foreseeable future.

The Company's quarterly dividends are payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December and are paid in the following July, October, January and April respectively. As shareholders do not have an opportunity to approve a final dividend at each Annual General Meeting, shareholders are asked to approve the Company's dividend policy at the forthcoming Annual General Meeting.

In accordance with the Company's stated dividend policy on 31 March 2020, the Board declared a further quarterly dividend of 3.92p per Ordinary Share, payable on 30 April 2020 to shareholders on the register on 14 April 2020 and an ex-dividend date of 9 April 2020. Total dividends paid for the year therefore amount to 15.33p per Ordinary Share equivalent to a dividend yield of 4.1 per cent at the year-end.

Financing

On 19 June 2019, the Company entered into a new five-year unsecured facility agreement with The Royal Bank of Scotland International Limited ("RBSI"). This facility is comprised of a €25 million term loan and a £75 million multi-currency revolving credit facility. This new facility replaced the Company's previous arrangements with Royal Bank of Scotland plc. The previous facility comprised a €30 million term loan and a £45 million multi-currency revolving credit facility. The Board is pleased to have secured this new, larger and cheaper facility which allows the Company to maintain a moderately but flexibly geared structure with the ability to draw borrowings in multiple currencies.

As at 31 December 2019 the Company had fully drawn the €25 million term loan and borrowed £27.8 million from the multi-currency revolving credit facility.

Directorate Change

The Board recognises the value in both attracting fresh talent and the maintenance of continuity and accordingly a plan has been developed to ensure an orderly succession as Directors retire. As part of this process it is anticipated that two new Directors will be appointed to the Board. This transitional period will provide valuable overlap to allow the transfer of Board experience and knowledge from long-serving Directors prior to their retirement.

To allow for the anticipated increase in the composition of the Board during this transitional period a resolution to amend the Articles of Association of the Company has been proposed. Currently the maximum remuneration payable to the Board in any one year is £250,000. While Board remuneration is comfortably below this level in normal circumstances, during the transitional period this could be exceeded. It is therefore proposed to increase this annual limit to £350,000.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at 12 noon on 20 May 2020 at Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG.

Mindful of government travel and social gathering restrictions arising from the Coronavirus pandemic the Board has taken the difficult decision to amend the format of this year's AGM. This year's AGM will be functional and will not incorporate a presentation from the investment manager, Hamish Mair, nor refreshments. Shareholders will not be permitted to attend and attendance will be limited to a minimum quorum of two officers or employees of the Manager who are also shareholders of the Company.

Instead, the investment manager's presentation will be available on the Company's website www.bmoprivateequitytrust.com. Shareholders can direct any questions they may have with regard to the resolutions proposed at the AGM to privateequitytrustagm@bmogam.com. In addition, as the Board has always valued this opportunity to meet the Company's shareholders a separate Investors' Meeting will be held later in the year. This will provide a forum for shareholders to meet the Board and Investment Managers on a more informal basis. Further details will be communicated to shareholders during the third quarter of this year.

In the meantime, I would encourage all shareholders to utilise their Form of Proxy, appointing the Chairman of the AGM as your proxy. This will allow your votes to count.

Outlook

At the time of writing the global economy is suffering severe disruption due to the restrictions imposed to combat the Coronavirus and this has impacted upon the Company's share price and discount. The disruption presents huge challenges for nearly every company and our managers and their investment partners are monitoring the effects on underlying companies as the crisis progresses.

Private equity managers have access to resources of capital and strategic and operational management with which they can support their portfolio companies and we expect that these will be deployed quickly and constructively during the crisis. This situation is without precedent in modern history and although the impact appears to be very substantial and widespread it is also likely to be limited to the short or medium term. Private equity is a classically long-term asset class and the actions of our private equity investment partners will be focused on short term management of the crisis with a view to resuming the trend of long-term value creation. Your Company has substantial financial and managerial resources at its disposal and these will be used to protect shareholder value. These will also be employed to manage any volatility arising from the continuing Brexit process. The Company has a broadly diversified portfolio of companies supported by committed and focused private equity managers whose interests are closely aligned with those of our shareholders. This alignment provides protection in the present and will form the basis of future value growth.

Mark Tennant

Chairman

14 April 2020

Strategic Report – Introduction

"The Company's investment objective is to achieve, long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend."

Investment Objective

The Company's investment objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

Business Model

The Directors have a duty to promote the success of the Company. As an investment trust with no employees, the Board believes that the optimum basis for doing this and achieving the Company's investment objective is a strong working relationship with the Company's appointed manager, BMO Investment Business Limited (the "Manager"). Within policies set and overseen by the Board, the Manager has been given overall responsibility for the management of the Company's assets, gearing and risk.

As an investment trust the Company is not subject to redemption requests which have triggered forced asset sales at some open ended funds and is well suited to investors seeking longer term returns. The share capital structure provides the flexibility to take a long-term view. Having the ability to borrow to invest is a significant advantage over a number of other investment fund structures.

The Board remains responsible for decisions over corporate strategy; corporate governance; risk and control assessment; setting policies as detailed on pages 9 and 10; setting limits on gearing, monitoring investment performance; and monitoring marketing performance.

At each Board meeting, the Board receives a presentation from the Manager which includes a review of investment performance, recent portfolio activity and a market outlook. The Board also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio as at 31 December 2019 is presented in the Investment Manager's Review on pages 15 to 18 and in the Portfolio Summary on page 19. The full portfolio listing is provided on pages 22 and 23.

Implementing the Strategy

The investment management contract is with BMO Investment Business Limited ('the Manager') which is a company within the BMO Asset Management (Holdings) PLC Group ('BMO Asset Management'). The Manager has been appointed as Alternative Investment Fund Manager ('AIF Manager'). BMO Asset Management is a wholly owned subsidiary of Bank of Montreal and is part of BMO Global Asset Management ('BMO GAM'). BMO GAM provides investment management and other services to a range of investment companies.

Hamish Mair is the investment manager appointed by the Manager to the Company. His biography is provided on page 14.

The fee that the Manager receives for its services is based on the value of assets under management of the Company and its performance thus aligning its interests with those of the shareholders. The ancillary functions of secretarial and marketing services are also provided by the Manager. Details of the management and secretarial fees payable to the Manager are provided on pages 53 and 54.

Environmental, Social and Governance ("ESG") Impact

The Board's ESG approach is set out on page 12. The direct environmental impact of the Company's activities is minimal as the Company has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Its indirect impact occurs through the investments that it makes and this is mitigated through the Manager's Responsible Investment Approach as explained on page 12.

Manager Evaluation

Investment performance and responsible ownership are fundamental to delivering sustainable long-term growth in capital for the Company's shareholders and therefore an important responsibility of the Board is exercising a robust annual evaluation of the Manager's performance. This is an essential part of the strong governance that is carried out by the Board, all the members of which are independent and non-executive. The process for the evaluation for the year under review and the basis on which the decision to reappoint the Manager for another year are set out on page 28.

Communication and Marketing with Stakeholders

The Company fosters good working relationships with its key stakeholders; the Manager, as described above, shareholders, suppliers and service providers. All appropriate channels are used including the internet and social media as well as the BMO savings plans.

The Company's activities and performance are reported through the publication of its financial statements but the vast majority of shareholders and savings plan investors prefer not to receive such detailed information. To avoid losing this essential line of communication, the Company sends instead a short notification with the key highlights of its half-yearly and annual results. Shareholders, savings plan investors and other stakeholders can locate the full information on the Company's website, bmoprivateequitytrust.com, if they so wish.

Through the Manager, the Company also ensures the savings plan investors are encouraged to attend and vote at annual general meetings in addition to those who hold their shares on the main shareholder register. Details of the proxy voting results on each resolution are published on the website where there is also a link to the quarterly publication of the Company's NAV and its quarterly factsheet.

The Manager also has in place a programme of visits designed to foster good relations with wealth managers in promoting the Company's investment proposition. These visits are reported regularly to the Board. Any contact with the Company's institutional shareholders is also reported. The Chairman is available to meet with major shareholders.

Managing Risks and Opportunities

Like all businesses, investment opportunities do not come without risks and uncertainties and so the performance of the Manager is monitored at each Board meeting on a number of levels. In addition to managing the investments, the ancillary functions of administration, secretarial, accounting and marketing services are all carried out by the Manager.

The Board receives reports on the investment portfolios; the wider portfolio structure; risks; income and expense forecasts; errors; internal control procedures; marketing; shareholder and other stakeholder issues, including the Company's share price premium or discount to NAV; and accounting and regulatory updates.

Shareholders can assess the financial performance from the Key Performance Indicators that are set out on page 13 and, on page 24, can see what the Directors consider to be the Principal Risks that the Company faces.

The risk of not achieving the Company's objective, may arise from any or all of inappropriate asset allocation, ineffective or expensive gearing, poor cost control, loss of assets and service provider governance issues. In addition to regularly monitoring the Manager's performance, their commitment and available resources and their systems and controls, the Directors also review the services provided by other principal suppliers. These include the Depositary in their duties towards the safeguarding of the assets.

The principal policies that support our investment and business strategy are set out on page 9, whilst the Investment Manager's review of activity in the year can be found on pages 15 to 18.

Principal Policies

Investment Policy

The Company makes private equity investments by taking stakes in private equity focused limited partnerships, offshore funds, investment companies and investment trusts. In addition to investing in newly-formed private equity funds, the Company may also purchase secondary private equity fund interests (that is, portfolios of investments in existing private equity funds). The Company may also make direct private equity investments, mainly through co-investment with the funds in which the Company is invested.

The private equity funds in which the Company invests comprise buy-out funds, venture capital funds and mezzanine funds. Both the funds and the direct investments are selected in order to create an underlying portfolio which is well-diversified by geography, sector, size of company, stage of development, transaction type and management style.

The Company may use gearing of up to 30 per cent of its total assets at the point of drawdown.

At the time of investment:

- No more than 15 per cent of total assets may be invested in UK-listed investment companies;
- No more than 15 per cent of total assets may be invested in non-UK listed investment companies;
- No more than 50 per cent of total assets may be invested in direct private equity co-investments;
- No more than 5 per cent of total assets to be invested in any one direct investment or co-investment; and
- No more than 10 per cent of total assets may be invested outside the United States of America, the United Kingdom and Continental Europe.

As far as practicable the Company will be fully invested at all times.

Dividend Policy

The Company aims to pay quarterly dividends with an annual yield equivalent to not less than four per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid. The dividend can be funded from a combination of the Company's revenue and realised capital profits.

Taxation

The Board's policy towards taxation is one of full commitment to complying with applicable legislation and statutory guidelines. It is essential that the Company always retains its investment trust tax status by complying with Section 1158 of the Corporation Tax Act 2010 ("Section 1158") such that it does not suffer UK Corporation Tax on capital gains. The Company has received approval from HMRC as an investment trust under Section 1158 and has since continued to comply with the eligibility conditions. The Manager also ensures that the Company submits correct taxation returns annually to HMRC and settles promptly any taxation due.

Liquidity

The Board recognises the need to address any sustained and significant imbalance of buyers and sellers which might otherwise lead to shares trading at a material discount or premium to NAV per share. While it has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to purchase shares or issue further shares, the Board is committed to utilising its share purchase and share issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. In considering whether buyback or issuance might be appropriate in any particular set of circumstances, the Board will take into account: the prevailing market conditions; the degree of NAV accretion that will result from the buyback or issuance; the cash resources readily available to the Company; the immediate pipeline of investment opportunities open to the Company; and the working capital requirements of the Company.

Board Diversity

The Board's policy towards the appointment of non-executive Directors is based on its belief in the benefits of having a diverse range of experience, skills, length of service and backgrounds, including gender. The policy is always to appoint the best person for the role and, by way of this policy statement, it is confirmed that there will be no discrimination on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

The overriding aim of the policy is to ensure that the Board is composed of the best combination of people for ensuring the delivery of the Company's objective. In achieving gender diversity, the Board composition of three men and two women Directors met the target of 33% of women on FTSE 350 company boards by 2020 set under The Hampton-Alexander Review.

Integrity and business ethics

The Company applies a strict anti-bribery and anti-corruption policy insofar as it applies to any Directors or employee of the Manager or of any other organisation with which it conducts business. The Board also ensures that adequate procedures are in place and followed in respect of third-party appointments, acceptance of gifts and hospitality and similar matters.

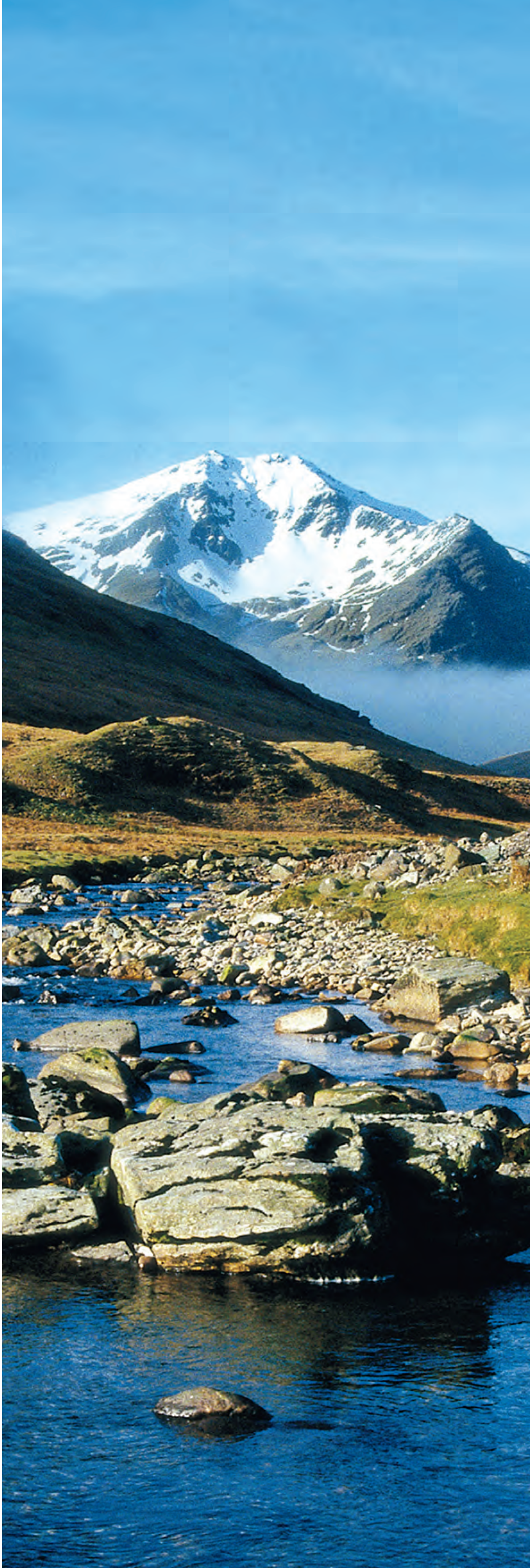
Prevention of the facilitation of tax evasion

The Company is committed to compliance with the UK's Criminal Finances Act 2017, designed to prevent tax evasion in the jurisdictions in which it operates. The policy is based on a risk assessment undertaken by the Board and professional advice is sought as and when deemed necessary.

Modern Slavery Act 2015

The Company is an investment company with no employees or customers and does not provide goods or services in the normal course of business. We have appointed the Manager to manage the investments, engage on ESG issues and to carry out administrative and secretarial services.

The Company's own supply chain consists predominately of professional advisers and service providers in the financial services industry, which is highly regulated. The Board therefore believes that the potential for acts of modern slavery or human trafficking in the Company's own environment is extremely low.



Promoting the Success and Sustainability of the Company

Under s172 (1) of the Companies Act 2006 ("the Act"), Directors have a duty to promote the success of the Company for the benefit of its members as a whole. This will include the likely consequences of Directors' decisions for the longer term and how the Board has taken wider stakeholders' needs into consideration.

The Directors value engagement with stakeholders. The key stakeholders of the Company are its shareholders, the Manager, suppliers and service providers. As an investment trust the Company does not have any employees.

The Company's website www.bmoprivateequitytrust.com is available to all stakeholders and key decisions are announced to the London Stock Exchange through a Regulatory News Service.

The Company holds an Annual General Meeting. In normal circumstances all shareholders are invited to attend, and this provides an open forum for shareholders to discuss issues and matters of concern with the Board and representatives of the Manager and the Company's advisors. The Managers have also engaged during the year with the Company's largest shareholders and the outcome of these discussions are reported to the Board at the following Board Meeting. Stakeholders are invited to communicate with the Board through the Chairman or Company Secretary.

The Board takes a responsible approach to Environmental, Social and Governance ("ESG") Issues. The Board has appointed a manager that applies the highest standards of ESG practice. We have therefore included on page 12 additional information on the Manager's approach towards responsible investment which focuses on engagement with investee companies on ESG issues.

Principal decisions

The table below details the decision making and engagement process for corporate decisions and actions that the Board has considered sufficiently material to warrant an announcement to the London Stock Exchange.

Decision/Action	Rationale	Engagement	Outcome
On 19 June 2019, the Company entered into a new five-year unsecured loan facility agreement with The Royal Bank of Scotland International Limited. This facility is comprised of a €25 million term loan and a £75 million multi-currency revolving credit facility.	The Company's previous facility comprised of a €30 million term loan and a £45 million multi-currency revolving credit facility. The Company's previous arrangements were with Royal Bank of Scotland plc. The new facility allows the Company to maintain a moderately but flexibly geared structure. It also allows the Company to borrow in multiple currencies.	The Company's Preliminary Announcement released by a Regulatory News Service on 22 March 2019 noted the intention of the Company to arrange a fresh five year borrowing facility to replace the existing facility when it expired at the end of June 2019. It also noted that it was likely that the new facility would be somewhat larger to reflect the growth in the size of the Company.	On 24 June 2019, the Company issued a Regulatory News Service Announcement noting that the Company had entered into a new five-year unsecured facility.
The Board has agreed a sucession plan to refresh its composition. Experienced, long serving Directors will retire during a transtion period which will involve the appointment of two new Directors.	The Board's policy on tenure is that continuity and experience add significantly to its strength. In addition, the Board recognises the value in attracting new talent. The Board has agreed a plan for a transitional period to allow the transfer of knowledge and experience from long-serving Directors to newly appointed ones.	The Board engaged with its Company Secretary and legal counsel to determine a succession plan which was both effective in the transfer of knowledge and in accordance with the latest developments in UK Corporate Governance.	On 15 April 2020, the Company announced that a plan for the refreshment of the Board had been determined. This would allow for a transition period to transfer knowledge and experience from long serving Directors prior to their retirement. As part of this process it was anticipated that two new Directors would be appointed to the Board.

Sustainability and ESG

As stewards of nearly £300 million of invested assets the Company is committed through its Manager, to influence and support positive change.

The approach

Environmental, Social and Governance ("ESG") issues are the three central factors in measuring sustainability and can present both opportunities and threats to the long-term investment performance the Company aims to deliver to shareholders. The Board is therefore committed to taking a responsible approach to ESG matters in ensuring that the Company has appointed a manager that applies the highest standards of ESG practice in managing the Company's investments on behalf of shareholders.

Responsible investment

Responsible investment is core to the approach adopted by BMO. With over three decades of experience, BMO believes that ESG factors can reduce risk and underpin long-term returns and is committed to integrating ESG in all asset classes. As a strong supporter of the Sustainable Development Goals, it also believes in using its influence as an investor to promote long-term sustainability. It was a founding member of the United Nations Principles for Responsible Investment (UN PRI) and has held an A+ rating for Strategy and Governance for the past three years.

As part of this ESG integration, the Manager actively engages with its underlying fund managers (General Partners or GPs) to encourage them to develop responsible investment policies that address ESG risks, both during the pre-investment due diligence phase and throughout their tenure as shareholders.

Engagement

Since 2014, the Manager has undertaken an annual survey of underlying fund managers across its private equity business to determine the extent to which they have formalised ESG policies, applied a code of conduct or recognised set of guidelines, employed staff with specific ESG responsibilities, provided staff with ESG training and produced ESG reporting.

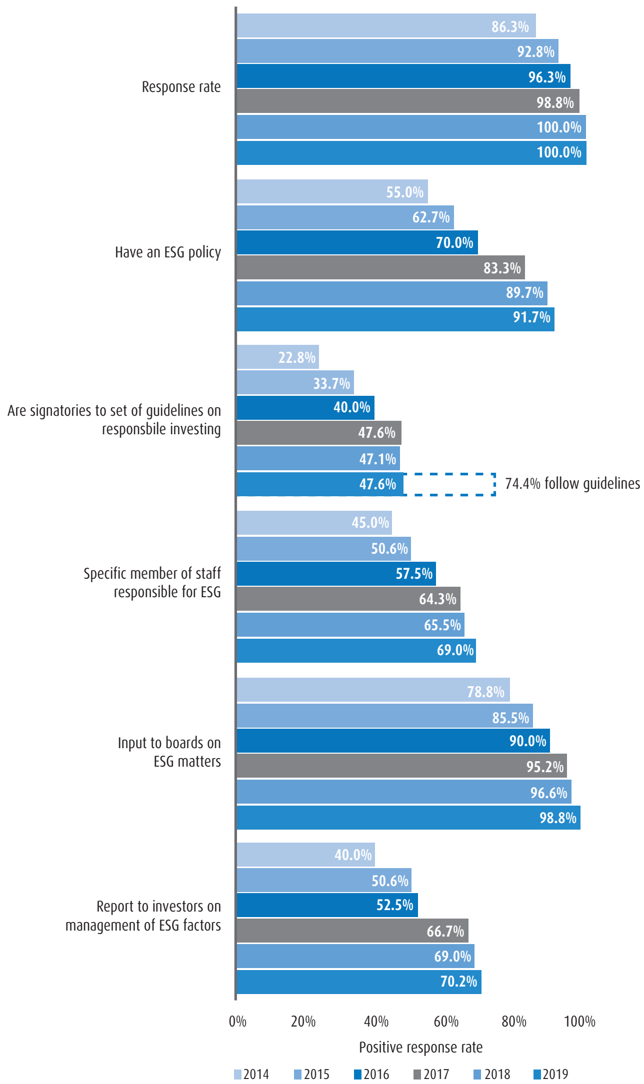
These surveys which act as an encouragement to underlying fund managers have reported continuous improvement across all metrics. In particular since the inception of the annual survey the percentage of managers with an ESG policy has increased from 55% to 92%. Reporting to investors on ESG matters has also risen from 40% to 70%.

"Responsible investing is a long-term and important commitment for BMO"

Kristi Mitchem,
CEO BMO Global Asset Management

Survey Method and Results

The survey was sent to 86 underlying fund managers



Key Performance Indicators

The Board recognises that it is longer term share price performance and a sustained flow of regular dividends that is most important to the Company's investors. Share price performance is driven by the performance of the net asset value and the demand for the Company's shares. The overriding priority is to continue to strive for the consistent achievement of long-term investment performance; adding value for shareholders through net asset value and share price total return; the management of the Company's share price premium/discount; an attractive dividend; low and competitive ongoing charges; and effective marketing. The Board assesses its performance in meeting the Company's objective against the following key performance indicators ("KPIs"):

1. Net asset value per share total return
2. Share price total return
3. Premium / (discount) to net asset value
4. Dividends declared
5. Ongoing charges

Information in relation to these KPIs is set out in the tables below. Commentary can be found in the Chairman's Statement and the Investment Manager's Review.

Total return performance	1 Year %	3 Years %	5 Years %	
BMO Private Equity Trust net asset value per share total return†	+10.6	+29.7	+76.5	This is used to measure the performance of the manager in terms of growth of the Company taking account of dividends paid to shareholders.
BMO Private Equity Trust share price total return†	+23.6	+43.6	+113.8	This is used to measure the return to shareholders in terms of share price growth and dividends received.

Share price premium/(discount) as at 31 December	2019 %	2018 %	2017 %	
Premium/(discount)†	(8.8)	(17.9)	(5.1)	This is the difference between the share price and the NAV per share. It is an indicator of excess supply over demand for the Company's shares in the case of a discount and the excess demand over supply in the case of a premium.

Dividends per share during the year ended 31 December	2019	2018	2017	
Dividend per share	15.33p	14.37p	14.04p	
Yield†	4.1%	4.5%	4.1%	

Ongoing charges as at 31 December (as a percentage of shareholders funds)	2019 %	2018 %	2017 %	
Ongoing charges as percentage of average net assets†	1.2	1.3	1.3	This is a measure of the cost of running the Company as a percentage of net assets. It can give an indication of cost efficiency over time and can be compared to the ongoing charges of competitor investment vehicles.
Ongoing charges including performance fees†	1.9	2.1	2.1	

† Alternative performance measures defined on pages 71 and 72.

Investment Manager

Hamish Mair is Managing Director, Head of Private Equity at BMO Global Asset Management and the fund manager of BMO Private Equity Trust PLC.

Investment Manager

BMO Private Equity Trust PLC is managed by BMO Investment Business Limited, a wholly-owned subsidiary of BMO Asset Management (Holdings) PLC ("BMO Asset Management"). BMO Asset Management is a leading asset manager in both the UK and Europe and provides investment management and other services to a range of investment trust clients.

BMO Asset Management is a wholly owned subsidiary of Bank of Montreal ('BMO') and is part of BMO Global Asset Management.

Investment Manager's Review

Hamish Mair, Fund Manager

Introduction

In 2019 there was plenty of evidence that investors retain a considerable appetite for investment in private equity with most investors aiming to increase their exposure to private equity. In aggregate the volume of investment was down somewhat on the immediately preceding years, but it was nevertheless a very healthy market. The asset class was pioneered in the US and UK 30 to 40 years ago and is now becoming increasingly well established as a means of financing the growth of smaller and medium sized companies internationally and across diverse industrial sectors. There are very few developed countries where there is not an active and growing private equity sector, but the degree of penetration of private equity and its uptake by the business community and investors alike varies considerably.

Our focus is principally in Europe with some investments in North America. In Europe the adoption of private equity is some way behind the US, but it is increasing and the direction of travel is very clear. Private equity is a relatively riskier asset class for investors given its innate illiquidity, smaller scale of the companies and often highly geared balance sheets, but if it is done well investors are handsomely rewarded for these risks. There are a number of compelling features of private equity including the strong alignment of interest between company management, private equity partners and investors, where all share to varying degrees in the risk of the enterprise but where all also benefit from its success.

Private equity is also a uniquely constructive form of investment where private equity specialists provide valuable strategic and operational support to management alongside their capital. It is also the case that a private equity portfolio can provide exposure to companies and industries which are not accessible through the stockmarkets providing valuable additional diversification to broader portfolios. Our aim is to capture the excellent returns that are possible through private equity investment whilst taking only moderate risk. Maintaining a well-diversified, high quality portfolio investing with highly skilled partners is essential to this aim. In the year under review the portfolio has delivered a creditable return once again building on our record of value creation for shareholders over more than two decades.

New Investments

Eight new commitments to funds were made during the year. In addition, we made four new co-investments. The co-investment portfolio now numbers 33 holdings and accounts for 42% of the portfolio by value. One investment was made in a private equity management partnership.

In the UK we have backed Kester Capital (£7.0m) in a lower mid-market buy-out fund. We know this emerging manager well through previous co-investments. We have backed two of our longest standing partners in their latest funds with commitments to Inflexion Enterprise V (£2.7m), Inflexion Supplemental Fund V (£6.0m) and August Equity Partners V (£10.0m). In Continental Europe we have once again backed the leading Germany based house DBAG through their funds VIII and VIIIB (€10.0m). In the Nordic region we have again committed to the sustainability focused manager Summa in their Fund II (SEK 40.0m, £3.5m). On a Pan European basis, we have committed to Silverfleet's European Development Fund (€7.0m). In the US we have backed mid-market specialists Graycliff for a second time in Graycliff Private Equity Partners IV ($5.0m).

After the year end, we have backed Poland focused Avallon in their third fund Avallon III (€6.0m) and we have also committed to Montefiore V (€5.0m), the second time we have backed this manager which specialises in service sector investments.

During the year we have added four new co-investments to the portfolio. These comprise a range of niche companies, each of which is led by an experienced private equity management group. £2.9m was invested in Italian funeral homes company San Siro. Based in Milan, it is already the largest company in its sector and the investment thesis which is being pursued by Italian manager Augens is to build up a chain of funeral homes starting in the North of Italy. In the Netherlands we have invested €3.5m alongside Silverfleet in cleanroom consumables company Staxs. Operating in a growing market and selling principally to the pharmaceutical sector the company is expanding from its Benelux base into adjacent markets. Closer to home we have invested £2.1m with Magnesium Capital into Unmanned Aerial Vehicle (UAV) company Cyberhawk. This Edinburgh based business uses UAVs (drones) to inspect critical energy infrastructure and allows clients to access the data through its proprietary iHawk software.

In the final quarter we have invested £4.1m in Amethyst Radiotherapy, a chain of radiotherapy clinics which is growing across the continent. The lead investor is central and eastern Europe specialists The Rohatyn Group (TRG). In addition to this we invested a further £1.5m into oil services company Coretrax. This was our share for the acquisition of Churchill Drilling Tools, a designer of down hole circulation tools and cutting tools for use in oil wells in Europe, the US and Middle East. Churchill's suite of tools and technology further differentiates the Coretrax platform and provides cross selling opportunities into the Group's customer base.

We have made an attractive investment into Inflexion Strategic Partners (ISP), a limited partnership which holds interests in past and future Inflexion funds, related entities, limited partnerships and co-investments. The investment of £10m complements our existing diverse and longstanding exposure to Inflexion's funds and gives us an even closer alignment with arguably the leading mid-market private equity specialist in the UK.

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Drawdowns

A total of £33.2m has been invested in co-investments and in Inflexion Strategic Partners this year. In addition, £31.9m has been drawn by funds for investment. The detail of many of the significant drawdowns has been reported earlier in the year. The notable drawdowns in the final quarter are described below.

The funds in our portfolio collectively deployed £10.0m in the final quarter into a diverse range of companies internationally. There was a good balance of new deals between the UK, Continental Europe and the US.

In the UK Inflexion Enterprise Fund IV and Inflexion Partnership II called a combined £1.2m for a range of investments, notably a new investment in Pharmaspectra, the medical affairs information provider which holds the world's largest set of published medical data and serves a large blue-chip client base. Kester Capital II invested a combined £0.8m in Compliance Online, a provider of regulatory data to payments and gambling companies and in YouGarden, the UK's leading multi-channel retailer of horticultural products. August Equity Partners IV invested £0.4m in Little Garden Day Nurseries. Apiary Capital invested £0.3m in Conn3ct, a provider of communications and contact centre services along with network infrastructure services.

Elsewhere in Europe there have been a number of interesting new investments. In Spain Corpfin V invested £0.6m in Berioska, a natural cosmetics company which sells under the Babaria brand. Chequers Capital XVII invested £0.7m into two companies, both outside its traditional area of focus, with Riri a Swiss manufacturer of high-quality zips and buttons and MTA an Italian HVAC and refrigeration manufacturer serving a range of industries globally. Astorg IV invested £0.5m mainly in Arcturis a provider of software to the insurance industry. Archimed II, the healthcare specialist, invested £0.4m in Diesse Diagnostica Senese, an Italian producer of instruments and reagents for the seroimmunology and haematology fields. Bencis V invested £0.3m mainly in Vescos, a cloud-based locker management system provider.

In the US Blue Point Capital IV has been active making a £0.6m investment in Mattco Forge, a California based designer and manufacturer of quality engineered forged metal products primarily for the aerospace and defence industry.

All these new niche companies add to the foundation of the Company's future growth.

The total of co-investments and drawdowns in the quarter comes to £25.9m making the total for the year £65.1m, which is equivalent to 23% of starting NAV. This total compares with £71.8m deployed in 2018.

Realisations

The main exits for the first nine months of the year have been recorded in detail in earlier reports. The key realisations in the fourth quarter originate from across the breadth of the portfolio and are highlighted below.

In the UK £1.4m came in from Fox International via an earn-out. This fishing tackle company investment, which was led by Next Wave, was sold very successfully to Mayfair Partners in 2015. As part of the exit deal an earn-out was agreed which would be triggered on the company's subsequent sale. The company was sold in October 2019 to a US strategic buyer backed by BDT Capital. This resulted in the additional sums coming to us and gives an overall result, including the previous proceeds, of 3.3x cost and an IRR of 108%. Our holding in funeral plans provider Avalon returned £1.2m through a partial redemption of loanstock and associated interest. This sector is under regulatory scrutiny at present and this means that a near term exit of what is now a leading company in its sector is unlikely. August Equity Partners III sold Wax Digital, an e – procurement software provider to a private equity backed US strategic buyer returning £0.4m (3.3x cost, 35% IRR). RJD Partners II sold computer company Stone to Souter Investments. This returned £0.5m of which £0.2m was rolled into the new deal.

Our fund portfolio in Continental Europe saw some excellent realisations also. In Germany Stirling Square Capital Partners II sold logistics packing business Cartonplast to DBAG returning £2.0m (3.2x, 21% IRR). Gilde Buyout Fund III sold Powerlines (railway electrification engineering) to French corporate ENGIE returning £0.5m (2.0x cost, 7% IRR). Pinebridge New Europe Fund II exited two Polish companies; battery recycler Orzel Bialy and logistics business Integer making 1.2x and 5.7x cost respectively and returning a combined £1.2m. There have been a couple of very strong exits from our Spanish portfolio with Corpfin IV selling 69% of its holding in health and safety and prevention company Grupo Preving to Arta

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Capital returning £0.7m (including the remaining holding 5.1x cost, 51% IRR). Portobello III has sold car rental company Centauro to Spanish insurer Mutua Madrilena returning £0.4m (4.7x cost, 90% IRR). In the Nordics Procuritas Capital V sold Duett, a provider of accounting software and cloud services to the SME accounting sector in Norway to KKR returning £0.5m (2.3x cost, 23% IRR).

The US component of the portfolio has also had some notable exits. Graycliff Private Equity Partners III sold Harper Love, a speciality chemicals company serving the corrugated cardboard and paper packaging sector returning £1.1m (3.9x cost, 30% IRR). Blue Point Capital II sold longstanding holding Lion Brewery, a specialist beverage maker, returning £0.7m (2.1x cost). Stellex Capital sold two of its holdings. Morbark, a manufacturer of grinders, chippers and shredders for wood waste recycling was sold to Alamo Group returning £0.9m (5.3x cost). MHI, a naval repairs company, was sold to Carlyle backed Titan returning £0.5m (5.7x cost).

Over the fourth quarter realisations totalled £14.4m. Together with associated income this brings to the total for the year to £46.3m. This is a considerable decrease on 2018, which was a record year for realisations at £82.7m.

Valuation Changes

In 2019 the overall portfolio growth came from a very wide variety of investments. The largest individual contributors were, not surprisingly, from our portfolio of co-investments. Unusually two of the largest contributors were US based companies. Sigma, the manufacturer of electrical motor components, where the deal leader is Argand Capital, has made good progress expanding both organically and by acquisition and reflecting this it has been uplifted by £3.9m over the year. Accuvein the medical equipment company with the world's first handheld, non-contact vein illumination solution, where we are invested alongside MVM, has continued to build sales and it has been uplifted by £2.8m over the year. The Agilitas led co-investment in damage repair services provider to the insurance sector, Recover Nordic, was up by £3.5m reflecting most of the uplift arising on its imminent sale to EQT. Swiss based chemicals company Schaetti is making a strong recovery in profitability and having been previously written down has been uplifted by £2.5m. Managed print services company DMC Canotec has made good progress in trading and in making bolt-on acquisitions in line with the investment thesis and this has been uplifted by £2.7m. In South East Europe Pet Centar (TRG Pluto) is going well and is up by £2.9m. Of the funds the largest contributors over the year include Graycliff Private Equity Partners III (+£1.8m), Corpfin IV (+£1.7m), GCP Europe II (+£1.1m), Volpi Capital (+£1.5m) and Inflexion 2010 (+£1.2m).

On the negative side it is again the co-investments that have the most influence. Our former holding in Ticketscript/Eventbrite which was sold after a sell-off early in the year had an adverse impact of £2.1m. Avalon the funeral plans company which is facing a difficult market was down by £2.0m. Weird Fish was down by £1.7m. Ambio, which has been a very successful holding is growing more slowly and is down by £1.3m. Lastly our holding in US based Mexican restaurant chain Rosa Mexicano has been reduced by £1.0m over the year.

Over the course of the year there have been a number of movements in currencies but the net effect is adverse by approximately 2%. This is an integral risk with an international portfolio and in prior years it has been of considerable benefit.

Financing

At the end of the year the Company had net debt of £41.4m. This represents gearing of 12.0% of NAV. The Company has approximately half of its committed borrowing facility available and remains well placed to fund all existing commitments as well as maintaining an active program of fresh investments.

Outlook

The international economy is in the midst of an uniquely challenging period precipitated by the COVID 19 (Coronavirus) pandemic. A significant correction has taken place in stockmarkets and it is to be expected that this will read across into private equity pricing in due course. In the short term it may lead to some re-trading on the price of proposed deals – for both buyers and sellers. Private equity investment is made with the medium to long term in view and it is over these time periods that performance is measured.

Most of the companies in which we invest have an investment case which is predicated on long term secular growth in demand for a product or service and we expect that once the short-term challenges are behind us these fundamentals will remain intact. The specific effects of the Coronavirus measures restricting movement are still being assessed but it is clear that it is pervasive with few areas of economic activity unaffected. We have no more insight than anyone else, but it would be prudent to expect this disruption to continue for several months. Much depends on how quickly and how severely the virus spreads and the efficacy of government action in managing the situation. There are of course other challenges to be faced this year, including the UK's negotiation of a future trade deal with the EU. In the meantime, we have a full pipeline of high quality investment opportunities to appraise across wide range of geographies and sectors. The current very diverse portfolio of investments should stand the Company in good stead and provide the source of further shareholder value build over the full course of 2020 and beyond.

Hamish Mair

Investment Manager
BMO Investment Business Limited

14 April 2020

Portfolio Summary

Portfolio Distribution
As at 31 December 2019

	% of Total 2019	% of Total 2018
Buyout Funds – Pan European*	**10.9**	10.6
Buyout Funds – UK	**18.6**	15.7
Buyout Funds – Continental Europe†	**19.6**	23.2
Secondary Funds	**0.5**	0.8
Private Equity Funds – USA	**4.4**	5.2
Private Equity Funds – Global	**1.0**	1.4
Venture Capital Funds	**2.5**	3.0
Mezzanine Funds	**0.2**	0.9
Direct – Quoted	**–**	0.2
Direct – Investments/Co-investments	**42.3**	39.0
	100.0	100.0

* Europe including the UK.
† Europe excluding the UK.

Ten Largest Holdings
As at 31 December 2019

	Total Valuation £'000	% of Total Portfolio
Ashtead	**12,736**	**3.7**
Inflexion Strategic Partners	**10,020**	**2.9**
Sigma	**9,943**	**2.9**
Recover Nordic	**9,044**	**2.6**
TWMA	**8,951**	**2.6**
Coretrax	**8,470**	**2.4**
Volpi Capital I	**7,508**	**2.2**
August Equity Partners IV	**7,331**	**2.1**
Huws Gray	**6,603**	**1.9**
Astorg VI	**6,553**	**1.9**
	87,159	**25.2**

Top Ten Holdings

Ashtead

Investment type: Direct investment
Region: Global
Percentage held: 14.3%
Valuation basis: Percentage of co-investment value

Ashtead Technology operates in the global subsea services sector of the oil field services market. It rents and services specialist equipment used in inspection, maintenance and repair of existing in-production fields, brownfield extension activity and construction of new oil and gas fields. Its main product lines are: positioning systems, sonars, magnetometers and echo sounders, visual inspection systems and ROV sensors/tooling. The investment is led by Buckthorn, an emerging UK based private equity manager established to invest on a deal by deal basis.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	7,676	4,631
Value	12,736	7,992

Inflexion Strategic Partners

Investment type: Buyout funds - UK
Region: UK
Percentage held: 0.3%
Valuation basis: Percentage of fund value

In December 2019, the Company completed an investment into Inflexion Strategic Partners (ISP). ISP is a limited partnership which holds interests in past and future Inflexion funds, related entities, limited partnerships and co-investments. The investment of £10m complements our existing diverse and longstanding exposure to Inflexion's funds and gives us an even closer alignment with arguably the leading mid-market private equity specialist in the UK.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	10,020	–
Value	10,020	–

Sigma

Investment type: Direct investment
Region: USA
Percentage held: 6.0%
Valuation basis: Percentage of co-investment value

Founded in 1981, Sigma is a leading manufacturer of metal castings, precision machined components and sub-assemblies for the US low voltage electrical product market. It is the global leader by market share in electrical fittings, weatherproof boxes and power transmission and distribution cut-outs and connectors. The investment is led by Argand Partners, a US value investor focussed on the mid-market.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	5,079	4,876
Value	9,943	6,101

Recover Nordic

Investment type: Direct investment
Region: Nordic
Percentage held: 7.2%
Valuation basis: Percentage of co-investment value

In July 2013, the Company completed its co-investment in Recover Nordic. The business provides 24 hour emergency response, damage control and re-building work for fire and flood damage in the Nordic market. This investment is led by Agilitas, a pan-European investor focused on Northwestern Europe in companies with enterprise values between €50m to €300m.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	2,948	2,935
Value	9,044	5,832

TWMA

Investment type: Direct investment
Region: UK
Percentage held: 44.5%
Valuation basis: Percentage of co-investment value

TWMA has been developing drilling waste management solutions for over 15 years and has successfully pioneered and established a fully comprehensive management solution for Offshore Services, Onshore Services, Waste Handling & Transfer Services and Environmental Solutions. The group's revenues are generated from treating and handling offshore oil and gas drill cuttings and slops which must be removed efficiently and safely from the drilling process, treated and disposed of.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	8,183	7,288
Value	8,951	7,283

Top Ten Holdings

Coretrax

Investment type: Direct investment
Region: UK
Percentage held: 11.3%
Valuation basis: Percentage of co-investment value

In December 2018, the Company committed £6m to an investment in Coretrax, a buy-and-build investment led by Buckthorn. Coretrax is a provider of wellbore clean up and plug and abandonment products and services in the North Sea, Middle East (Saudi Arabia and Abu Dhabi) and Malaysia.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	7,552	3,606
Value	8,470	3,606

Volpi Capital I

Investment type: Buyout fund
Region: N. Europe
Percentage held: 3.75%
Valuation basis: Percentage of fund value

Volpi Capital is Northern and Western European focused buyout firm focusing on investments in the information and tech-enabled services space. It invests in companies with enterprise values between €50 million and €200 million. The Company committed €7m to this fund, which closed at €187m in April 2018.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	5,359	5,254
Value	7,508	6,243

August Equity Partners IV

Investment type: Buyout fund
Region: United Kingdom
Percentage held: 4.5%
Valuation basis: Percentage of fund value

In April 2016, the Company committed £10m to August Equity Partners IV, the fourth in the series of funds managed by August Equity Partners. AEP IV will target investments in four core sectors: healthcare, social care, educational services and technology enabled services in the UK.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	6,200	3,702
Value	7,331	3,953

Huws Gray

Investment type: Direct investment
Region: UK
Percentage held: 1.8%
Valuation basis: Percentage of co-investment value

In April 2018, the Company committed £6m to Huws Gray, alongside UK mid-market investor Inflexion. Huws Gray is a UK builders' merchant based in North Wales, North-West England and East Anglia, with over 60 branches nationwide. It primarily caters for small building contractors focussed on the repairs and improvement market, with the majority of revenues generated from heavy products, such as bricks and timber.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	5,626	5,626
Value	6,603	7,047

Astorg VI

Investment type: Buyout fund
Region: Europe
Percentage held: 0.4%
Valuation basis: Percentage of fund value

In March 2016, the Company committed €8m to Astorg VI. Astorg is a mid-market pan-European investor, making majority investments in companies headquartered in the UK, France, Italy, Switzerland and the Benelux, primarily in the business-to-business segment, targeting EVs of €100m to €1bn.

	31 December 2019 £'000	31 December 2018 £'000
Residual cost	5,966	4,530
Value	6,553	4,993

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Volpi Capital I	Europe	7,508	2.2
Astorg VI	Europe	6,553	1.9
Stirling Square Capital Partners II	Europe	5,367	1.5
TDR Capital II	Europe	4,741	1.4
Apposite Healthcare Fund II	Europe	4,353	1.3
Agilitas 2015 Private Equity Fund	Europe	3,214	1.0
TDR II Annex Fund	Europe	3,057	0.9
Archimed	Europe	1,108	0.3
Argan Capital	Europe	675	0.2
Silverfleet European Development Fund	Europe	674	0.2
Total Buyout Funds – Pan European		**37,250**	**10.9**
Buyout Funds – UK			
Inflexion Strategic Partners	UK	10,020	2.9
August Equity Partners IV	UK	7,331	2.1
Inflexion 2010 Fund	UK	5,248	1.5
Inflexion Buyout Fund IV	UK	4,275	1.2
Horizon Capital Fund 2013	UK	4,263	1.2
Inflexion 2012 Co-Investment Fund	UK	4,021	1.2
Primary Capital IV	UK	3,599	1.0
Inflexion Enterprise Fund IV	UK	3,410	1.0
GCP Europe II	UK	3,410	1.0
Piper Private Equity Fund VI	UK	2,577	0.7
Inflexion Supplemental Fund IV	UK	2,478	0.7
Dunedin Buyout Fund II	UK	2,405	0.7
FPE Fund II	UK	2,400	0.7
Inflexion Partnership Capital Fund I	UK	2,277	0.7
RJD Private Equity Fund III	UK	1,698	0.5
Apiary Capital Partners I	UK	1,162	0.3
August Equity Partners III	UK	1,088	0.3
Piper Private Equity V	UK	1,084	0.3
Kester Capital II	UK	682	0.2
Inflexion Buyout Fund V	UK	595	0.2
Inflexion Partnership Capital Fund II	UK	254	0.1
Inflexion Supplemental Fund V	UK	232	0.1
Equity Harvest Fund	UK	167	–
RJD Partners II	UK	163	–
Inflexion Enterprise Fund V	UK	24	–
Total Buyout Funds – UK		**64,863**	**18.6**
Buyout Funds – Continental Europe			
Aliante Equity 3	Italy	6,427	1.8
Corpfin Capital Fund IV	Spain	6,003	1.7
Bencis Buyout Fund V	Benelux	4,148	1.2
Capvis III	DACH	3,838	1.1
NEM Imprese III	Italy	3,829	1.1
Progressio	Italy	3,765	1.1
Procuritas Capital V	Nordic	3,518	1.0
DBAG VII	DACH	3,199	0.9
Summa I	Nordic	3,128	0.9
Vaaka Partners Buyout Fund III	Nordic	2,952	0.8
DBAG Fund VI	Germany	2,802	0.8
Procuritas Capital IV	Nordic	2,730	0.8
Montefiore IV	France	2,424	0.7
Vaaka Partners Buyout Fund II	Nordic	1,987	0.6
Ciclad 5	France	1,984	0.6
Procuritas Capital VI	Nordic	1,943	0.5
Avallon MBO Fund II	Eastern European	1,606	0.4
Chequers Capital XVII	France	1,553	0.4
Verdane Edda	Europe	1,490	0.4
Chequers Capital XVI	France	1,379	0.4
Capvis IV	Europe	1,363	0.4
ARX CEE IV	Central & East Europe	1,290	0.4
Portobello Fund III	Spain	1,214	0.4
DBAG Fund V	Germany	943	0.3
PineBridge New Europe II	Central & East Europe	890	0.3
Ciclad 4	France	586	0.2
Corpfin Capital Fund V	Spain	564	0.2
ILP	Italy	267	0.1
DBAG VIIB	DACH	213	0.1
PM & Partners II	Italy	201	–
N+1 Private Equity Fund II	Spain	184	–
Herkules Private Equity III	Nordic	149	–
Summa II	Nordic	106	–
Gilde Buyout Fund III	Benelux	51	–
Total Buyout Funds – Continental Europe		**68,726**	**19.6**
Secondary Funds			
The Aurora Fund	Europe	1,638	0.5
Total Secondary Funds		**1,638**	**0.5**

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – USA			
Blue Point Capital III	USA	3,323	1.0
Graycliff Private Equity Partners III	USA	3,084	0.9
Camden Partners IV	USA	3,035	0.9
Blue Point Capital IV	USA	2,661	0.8
HealthpointCapital Partners III	USA	1,613	0.4
Stellex	USA	1,519	0.4
Blue Point Capital II	USA	243	–
Camden Partners III	USA	58	–
Total Private Equity Funds – USA		**15,536**	**4.4**
Private Equity Funds – Global			
AIF Capital Asia III	Asia	1,236	0.4
PineBridge GEM II	Global	1,006	0.3
F&C Climate Opportunity Partners	Global	749	0.2
Warburg Pincus IX	Global	348	0.1
PineBridge Lat Am II	Brazil	147	–
Warburg Pincus VIII	Global	14	–
Total Private Equity Funds – Global		**3,500**	**1.0**
Venture Capital Funds			
SEP V	Europe	4,050	1.2
SEP IV	Europe	1,391	0.4
Pentech Fund II	Europe	1,168	0.3
Life Sciences Partners III	Europe	674	0.2
Alta Berkeley VI	Europe	620	0.2
SEP II	Europe	366	0.1
Environmental Technologies Fund	UK	312	0.1
SEP III	Europe	200	–
MVM V	USA	2	–
Total Venture Capital Funds		**8,783**	**2.5**
Mezzanine Funds			
Accession Mezzanine II	Central & East Europe	791	0.2
Total Mezzanine Funds		**791**	**0.2**
Direct – Quoted			
Antero	USA	46	–
Laredo Petroleum	USA	24	–
Total Direct – Quoted		**70**	**–**
Direct – Investments/Co-investments			
Ashtead	Global	12,736	3.7
Sigma	USA	9,943	2.9
Recover Nordic	Nordic	9,044	2.6
TWMA	UK	8,951	2.6
Coretrax	UK	8,470	2.4
Huws Gray	UK	6,603	1.9
TRG Pluto LP	Europe	6,231	1.8
Avalon	UK	5,955	1.7
Ambio	USA	5,927	1.7
Dotmatics	UK	5,875	1.7
Accuvein	USA	5,834	1.7
DMC Canotec	Europe	5,134	1.5
Jollyes	Europe	4,427	1.3
Staxs	Europe	4,240	1.2
Schaetti	Europe	3,994	1.1
Amethyst Radiotherapy	Europe	3,863	1.1
Swanton	UK	3,694	1.1
CETA	UK	3,672	1.1
Collingwood Insurance Group	UK	3,564	1.0
San Siro	Europe	3,527	1.0
Calucem	Europe	3,349	1.0
Walkers	UK	3,342	1.0
Tier1 CRM	USA	3,300	0.9
Rosa Mexicano	Europe	2,848	0.8
Weird Fish	UK	2,792	0.8
RGI Group	Europe	2,762	0.8
Safran	Nordic	2,316	0.6
Cyberhawk Co-investment	UK	2,125	0.6
Babington	UK	1,328	0.4
TDR Algeco/Scotsman	Europe	938	0.2
Meter Provida Limited (MPL)	UK	357	0.1
Stone Computers	UK	173	–
Harrington Brooks	UK	173	–
Total Direct – Investments/Co-investments		**147,487**	**42.3**
Total Portfolio		**348,644**	**100.0**

Principal Risks

The Board has carried out a comprehensive robust assessment of the principal risks as well as a thorough process for the identification of emerging risks and has reviewed the uncertainties that could threaten the Company's success.

Principal Risks	Mitigation	Actions taken in the year
Inappropriate capital structure: Failure by the Company to meet its outstanding undrawn commitments could lead to financial loss for shareholders. Failure to replace maturing borrowings or enter agreement for new borrowings. **No change in overall risk in year**	The Board receives a detailed analysis of outstanding commitments at each meeting. A medium term cashflow projection is also provided. The Company has ensured that it has had a borrowing facility throughout the year.	The Company negotiated a replacement five-year loan facility composed of a €25 million term loan and a £75 million revolving credit facility.
Poor long term investment performance relative to the peer group or other asset classes. **No change in overall risk in year**	Investment policy and performance are reviewed at each meeting. Borrowing limits have been set and monitored regularly.	The Board reviewed investment performance against the peer group and the FTSE All-Share Index at each regular meeting held during the year ended 31 December 2019.
Share price discount: Objective and strategy are inappropriate in relation to investor demands, adversely affecting the Company's share price discount. **No change in overall risk in year**	At each meeting of the Board, the Directors monitor performance against peer group and returns from the FTSE All-Share Index. Market intelligence is maintained via the Company's broker, Cantor Fitzgerald Europe and the provision of shareholder analysis. The Board, in normal circumstances, meets shareholders on an annual basis at the Annual General Meeting. Authority is sought at Annual General Meetings to allow the Company to issue and buyback its own shares.	An Annual General Meeting was held in May 2019 attended by shareholders and the Company's broker. A strategy meeting of the Board was held in February 2020.
External risks: External events such as terrorism, disease, protectionism, inflation or deflation, economic shocks or recessions, the availability of credit, movements in interest rates could affect share prices and the valuation of investments. Changes to laws and regulations could threaten the business environment of the Company. **No change in overall risk in year** **Since the year end the Coronavirus pandemic has spread and the oil price has fallen. The threat from external risks risen.**	Each regular meeting of the Board provides a forum to discuss with the Manager the general economic environment and to consider any impact upon the investment portfolio and objectives. At each regular Board meeting the Directors receive a regulatory update.	A strategy meeting of the Board was held in February 2020. **Since the year end, in response to rising external risks the Company has undertaken detailed stress test, cash flow and valuation modelling.**
Key personnel: Loss of key personnel from the BMO Private Equity team. **No change in overall risk in year**	Regular meetings between the Board and senior staff of the Manager. There is a six month notice period to the investment management agreement.	The Board met senior executives of BMO Global Asset Management (EMEA) during the year.
Systems and service providers: Failure of the Manager's accounting systems or disruption to the Manager's business or that of other third party service providers through cyber-attack or business continuity failure could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholders' confidence. **No change in overall risk in year** **Since the year end the Manager and most service providers have implemented their business continuity plans.**	The Depositary oversees custody of investments and cash in accordance with the requirements of the AIFMD. The Board receives an annual internal controls report from the Manager and the Registrar.	The Manager continues to strengthen and develop its Risk, Compliance and Internal Control functions and continues to invest in IT security. Supervision of BMO's third party service providers, including State Street and SS&C, has been maintained by BMO and includes assurances regarding IT security and cyber-attack prevention. **Since the year end the Manager and most service providers have implemented their business continuity plans with no noticeable impact upon service provision.**

Rolling five year viability assessment and statement

The 2018 UK Corporate Governance Code requires a Board to assess the future prospects for the Company, and report on the assessment within the Annual Report.

The Board considered that a number of characteristics of the Company's business model and strategy were relevant to this assessment:

- The Board looks to long-term performance rather than short term opportunities.
- The Company's investment objective, strategy and policy, which are subject to regular Board monitoring, mean that the Company is invested in a well-diversified portfolio of funds and direct investments and that the level of borrowings is restricted.
- The Company has a single class of Ordinary Shares.
- The Company's business model and strategy is not time limited.

Also relevant were a number of aspects of the Company's operational arrangements:

- The Company has title to all assets held.
- The Company's borrowing facility which was revised on 19 June 2019. The revised five-year facility is composed of a €25 million term loan and a £75 million multi-currency revolving credit facility. The interest rate payable is variable.
- The Company aims to pay quarterly dividends with an annual yield equivalent to not less than four per cent of the average of the published net asset values per ordinary share for the previous four financial quarters, or if higher in pence per share the highest quarterly dividend previously paid. Dividends can be funded from the capital reserves of the Company.
- Revenue and expenditure forecasts and projected cash requirements are reviewed by the Directors at each Board Meeting.

Given the current volatility in stock markets and the economic disruption arising from the Coronavirus pandemic, the Directors also considered detailed cashflow projections modelling various scenarios relating to the Coronavirus pandemic on the future drawdowns to be paid and distributions to be received by the Company. These projections were adjusted to consider various plausible scenarios and took account of possible impacts upon the future NAV of the Company and the ability of the Company to meet its loan covenants. The Board concluded that there was a low probability that a covenant breach related to capacity to meet cashflow requirements would occur. Furthermore the Board has considered the remedies available if it appears that a covenant breach appears possible. Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily. Further details are provided on page 29. In addition, the Directors carried out a robust assessment of the principal risks which could threaten the Company's objective, strategy, future performance, liquidity and solvency. These risks, their mitigations and the processes for monitoring them are set out on page 24, and in note 16 of the accounts.

The principal risks identified as relevant to the viability assessment were those relating to inappropriate objective and strategy, external risks, poor long term investment performance and the failure of the Company to manage financial resources to allow it to meet its outstanding undrawn commitments.

The Board took into account the forecasted cash requirements of the Company, the long-term nature of the investments held, the existence of the revised borrowing facility and the effects of any significant future falls in investment values on the ability to repay and re-negotiate borrowings, maintain dividend payments and retain investors.

These matters were assessed over a five year period to April 2025, and the Board will continue to assess viability over five year rolling periods, taking account of foreseeable severe but plausible scenarios. Note 16 to the financial statements includes an analysis of the potential impact of movements of interest rates and foreign exchange on net asset value. A rolling five year period represents the horizon over which the Directors believe they can form a reasonable expectation of the Company's prospects, balancing the Company's financial flexibility and scope with the current uncertain outlook for longer-term economic conditions affecting the Company and its shareholders.

Based on their assessment, and in the context of the Company's business model, strategy and operational arrangements set out above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to April 2025. For this reason, the Board also considers it appropriate to continue adopting the going concern basis in preparing the Report and Accounts.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

14 April 2020

Board of Directors

Mark Tennant *†‡
Chairman
is a member of the Advisory Board of T Rowe Price Global Investor Services. He is Chairman of the Centrica Combined Common Investment Fund Limited and the Deputy Chairman and Head of Policy at Scottish Land and Estates. He is also a director of UTI International. Until recently he was a Senior Adviser to J.P. Morgan. He joined the Board in February 2009 and was appointed as Chairman in May 2010.

David Shaw *†‡
sits on the boards of a number of private companies including acting as Chairman of the charity Dyslexia Scotland. He was previously Chief Executive, then Chairman, of Bridgepoint Capital, a leading European mid corporate private equity firm until his retiral in December 2009. He joined the Board in November 2009.

Elizabeth Kennedy *†‡
Chairman of the Audit Committee
is a corporate and commercial lawyer with Davidson Chalmers Stewart with over 30 years' experience in corporate finance, principally in IPOs, secondary issues and takeovers. She is also a director of Octopus AIM VCT 2 plc, Beatson Cancer Charity and a private technology company and is also a member and past Chair of the AIM Advisory Group of the London Stock Exchange. She joined the Board in July 2007.

Swantje Conrad *†‡
began her career in banking at J.P. Morgan in 1991 from where she retired as Managing Director in 2017. During her 26 years at J.P. Morgan, Swantje gained extensive experience in corporate finance/M&A, global markets and investment management. She previously served as Independent Director of Siemens Gamesa Renewable Energy S.A., a Spanish listed leading global supplier of wind turbine equipment, and as a trustee of the Whitechapel Gallery, London. She was appointed to the Board in April 2017.

Richard Gray *†‡
is a career investment banker who has extensive capital markets and corporate finance experience and has held senior positions in London and New York. He is a director of Zeus Capital and has previously worked with Panmure Gordon, Lazard, Charterhouse and UBS. He is a member of the Strategic Board of Banco Finantia, a non executive director of Alpha Real Capital and Vice Chairman of Invescore Group. He was appointed to the Board in March 2017.

* Member of the Audit Committee
† Member of the Management Engagement Committee
‡ Member of the Nomination Committee

Report of the Directors

Results and Dividends

The Directors submit the Annual Report and financial statements of the Company for the year ended 31 December 2019. The results for the year are set out in the attached financial statements.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

During the year, interim dividends of 3.58p per Ordinary Share were paid on 31 January 2019, 3.65p per Ordinary Share on 30 April 2019, 3.73p per Ordinary Share on 31 July 2019 and 3.81p per Ordinary Share on 31 October 2019.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 (the 'Act') and is an investment company as defined by Section 833 of the Act.

The Company has been approved as an investment trust for accounting periods commencing on or after 1 January 2012 subject to it continuing to meet the eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

Company Number: SC179412

Share Capital

Ordinary Shares

Dividends

The Ordinary Shares carry the right to participate in the revenue and realised capital profits of the Company. The dividends paid to the holders of Ordinary Shares currently depend on, inter alia, the income return on the Company's assets, capital structure and gearing and, accordingly, may vary over time.

In respect of the Ordinary Shares, the Company aims to pay quarterly dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid.

Capital Entitlement

On a winding up of the Company, after satisfying all liabilities, Ordinary Shareholders would be entitled to all the remaining assets.

Voting Rights

Ordinary Shareholders are entitled to receive notice of, and, in normal circumstances, attend and vote at, all general meetings of the Company. Each Ordinary Share is entitled to one vote.

Directors

Biographical details of the Directors, all of whom are non-executive, can be found on page 26.

Ms Elizabeth Kennedy, Mr David Shaw and Mr Mark Tennant have served on the Board for nine years or more. The Board subscribes to the view that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. The term of any non-executive Director beyond nine years is subject to rigorous review by the Board.

A plan for the refreshment of the Board has been determined. It is anticipated that two new Directors will be appointed to the Board with a transition period to allow the transfer of knowledge and experience from long serving Directors prior to their retirement. To facilitate this transition period the Directors seek authority from shareholders to amend the Articles of the Company to increase the limit on aggregate remuneration of the Board from £250,000 to £350,000.

The Board welcomes the revised AIC Code of Corporate Governance and believes that its succession plan respects both the letter and spirit of the Code regarding composition and diversity.

The Directors believe that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. The Board confirms that, following formal performance evaluations, the performance of each of the Directors continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that those Directors seeking re-election are re-elected and therefore recommends that shareholders vote in favour Resolutions 5 to 9.

Resolution 5 concerns the re-election of Mark Tennant. He has served on the Board for over 11 years, 9 as Chairman. Until recently, he was a Senior Adviser to J.P. Morgan and is a member of the Advisory Board of T Rowe Price Global Investor Services.

Resolution 6 concerns the re-election of Elizabeth Kennedy. She has served on the Board for over 12 years. She has over 30 years' experience in corporate finance, principally IPOs, secondary issues and takeovers.

Resolution 7 concerns the re-election of David Shaw. He has served on the Board for over 10 years. He was Chairman of Bridgepoint Capital, a leading European private equity firm.

Resolution 8 concerns the re-election of Swantje Conrad. She has served on the Board for 3 years. She has extensive experience in corporate finance/M&A, global markets and investment management.

Resolution 9 concerns the re-election of Richard Gray. He has served on the Board for 3 years. He has broad experience across equity research, sales and capital markets and corporate broking and finance.

No Director has any material interest in any contract to which the Company is a party.

Substantial Interests in Share Capital

At 31 December 2019 the Company had received notification of the following holdings of voting rights (under the FCA's Disclosure and Transparency Rules):

	Ordinary Shares Held	% of Ordinary Shares
CCLA Investment Management	8,328,872	11.3
M & G PLC	4,378,908	5.9
Oxford County Council Pension Fund	4,000,000	5.4
Smith and Williamson Holdings	3,638,081	4.9
Lazard Asset Management	3,617,271	4.9
Bank of Montreal	2,779,650	3.8

Since 31 December 2019, Transact Nominees Limited has notified that its holding is 2,294,772 shares.

BMO Retail Products owned 20,600,002 shares or 27.9 per cent of the issued share capital of the Company at 31 December 2019. For non-contentious resolutions the nominee company holding these shares will vote the shares held on behalf of planholders who have not returned their voting directions in proportion to the directions of those who have ("proportional voting"). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the BMO savings plans being voted. A maximum limit of 10,000 shares that any one individual investor can vote, being approximately 1.0% of the relevant minimum threshold, also applies. Any individual voting directions received in excess of the maximum limit will remain valid, but will not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Conflicts of Interest

Under the Act a Director must avoid a situation where he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts where appropriate and where the Articles of Association contain a provision to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the Company Secretary any changes to conflicts or any potential new conflicts.

Management and Management Fees

BMO Investment Business Limited provides investment management services to the Company and was appointed as the Company's AIFM on 22 July 2014. A summary of the contract between the Company and the Manager in respect of investment management services provided is given in note 3 to the financial statements.

The Management Engagement Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Committee considered the past investment performance of the Company and the capability and resources of the Manager to deliver satisfactory investment performance. It also considered the length of the notice period of the investment management contract and the fees payable to the Manager and its peers, together with the commitment of the Manager to the Company and its investment trust business and the standard of other services provided, which include administration, marketing and corporate development.

Following this review it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Depositary

JPMorgan Europe Limited was appointed as depositary on 22 July 2014 in accordance with the AIFM Directive. The depositary's responsibilities include, but are not limited to, cash monitoring, segregation and safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

Company Secretary

BMO Asset Management (Holdings) PLC provides secretarial services to the Company.

Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

Going Concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its banking covenants. They have also considered year-end cash balances and forecast cash flows, especially those relating to capital commitments and realisations.

As at 31 December 2019, the Company had outstanding undrawn commitments of £147.1 million. Of this amount, approximately £15 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire. The Company has a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of £75 million. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2019 the Company had fully drawn the term loan of €25 million and had drawn £27.8 million of the revolving credit facility, leaving £47.2 million of the revolving credit facility available. This available proportion of the facility can be used to fund any shortfall between the proceeds received from realisations and drawdowns made from funds in the Company's portfolio or funds required for co-investments. Under normal circumstances this amount of 'headroom' in the facility would be more than adequate to meet any such shortfall.

At present the global economy is suffering considerable disruption due to the effects of the Coronavirus and the Directors have given serious consideration to the consequences of this for the private equity market in general and for the cashflows and asset values of the Company specifically over the next twelve months. The Company has a number of loan covenants and at present the Company's financial situation does not suggest that any of these covenants are close to being breached. The Directors are mindful of the extraordinary nature of the current economic situation and have conducted a number of stress tests to examine the possible circumstances which would result in the Company's covenants being breached. The Directors have also considered any remedial measures which the Company could practically employ to avoid a covenant breach if that appears likely.

It is the Directors' opinion that the circumstances which would give rise to a covenant breach have a low probability. The primary risk is that there is a very substantial decrease in the asset value of the Company in the short or medium term. Given prior experience in the last financial crisis of 2008/2009 and allowing for the breadth of the Company's portfolio and the valuation methodologies of the Company's investment managers and their investment partners, the Directors do not expect that the possible reduction in asset value arising from the shock of the Coronavirus will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of the Coronavirus shock on valuations, the Directors have also reviewed the forecast cashflows of the Company comprising future drawdowns and distributions. The cashflow forecasts take into account potential equity refinancings of portfolio companies, whether held through funds or as coinvestments, which may be necessary as a result of disruption during the Coronavirus period. The managers have incorporated detailed responses from companies and investment managers in preparing the cashflow forecasts.

Having compared these against the Company's current and projected available funding sources, principally its committed borrowing facility noted above, the Directors have confidence that there is a low probability that a covenant breach related to capacity to meet cashflow requirements will occur.

Furthermore, being aware of the possible risks the Directors have considered in detail a number of remedial measures that are open to the Company which it may take if such a covenant breach appears possible. These include reducing commitments and raising cash through engaging with the private equity secondaries market. The Company's managers have considerable experience in the private equity secondaries market through the activities of the Company and through the management of other private equity funds. The Directors have considered other actions which the Company may take in the event that a covenant breach was imminent including taking measures to increase the Company's asset base through an issuance of equity either for cash or pursuant to the acquisition of other private equity assets. The Directors have also considered the likelihood of the Company making alternative banking arrangements with its current lender or another lender.

Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that Company is well placed to manage such an eventuality satisfactorily. Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, bank debt and debtors and creditors. Financial instruments recognised at fair value are shown in the fair value hierarchy in note 10 to the financial statements. The financial risk management objectives and policies arising from the Company's financial instruments and the exposure to risk are disclosed in note 16 to the financial statements. Details of the Company's bank facility are contained in note 14 to the financial statements.

Disclosure of Information to the Auditor

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts. It is the intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Annual General Meeting

The Notice of Annual General Meeting to be held on 20 May 2020 is set out on pages 64 to 68.

Auditor

Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution proposing its re-appointment will be submitted at the Annual General Meeting.

Dividend Policy

Resolution 4 is to approve the Company's dividend policy. The resolution is being proposed to comply with guidance issued by certain voting agencies since, in line with the dividend policy set out on page 9, all dividends are now declared as interim dividends, and without this resolution shareholders would otherwise not have the opportunity to vote on dividends.

Directors' Authority to Allot Shares

The Directors are seeking to renew the authority to allot shares. Resolution 12 in the Notice of Annual General Meeting seeks renewal of such authority to allot Ordinary Shares up to an aggregate nominal amount of £73,941 (being an amount equal to 10 per cent of the total issued share capital of the Company as at the date of this report).

Under resolution 13, which is a special resolution, the Directors are also seeking to renew the authority to allot new Ordinary Shares and/or sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply. (This section requires that, when equity securities are allotted for cash, such new shares are first offered to existing equity shareholders in proportion to their existing holdings of shares, this entitlement being known as "pre-emption rights"). The purpose of holding shares in treasury is to allow the Company to re-issue those shares quickly and cost-effectively.

Allotments of Ordinary Shares pursuant to these authorities would enable the Directors to issue shares for cash and/or to sell equity securities held as treasury shares to take advantage of changes in market conditions that may arise, in order to increase the amount of the Company's issued share capital. The purpose of such an increase would be to improve the liquidity of the market in the Company's shares and to spread the fixed costs of administering the Company over a wider base. The Directors believe that this would increase the investment attractions of the Company to the benefit of existing shareholders. No issue of shares and/or sale of shares held in treasury would be made which would dilute the net asset value per Ordinary Share of existing shareholders.

Resolution 13, if passed, will give the Directors power to allot for cash Ordinary Shares of the Company and to sell Ordinary Shares out of treasury up to a maximum nominal amount of £36,970 (being an amount representing 5 per cent of the total issued ordinary share capital of the Company as at the date of this report) without the application of the pre-emption rights described above. The calculation of the above figure is in accordance with the limits laid down by the Investment Protection Committee guidelines, and the Directors will not use the authority other than in accordance with the above guidelines.

The authorities contained in resolutions 12 and 13 will continue until the Annual General Meeting of the Company in 2021, and the Directors envisage seeking renewal of these authorities in 2021 and in each succeeding year, subject to such renewals again being in accordance with the above guidelines.

Directors' Authority to Buy Back Shares

The current authority of the Company to make market purchases of up to 14.99 per cent of the issued Ordinary Shares expires at the end of the Annual General Meeting and resolution 14, as set out in the Notice of the Annual General Meeting, seeks renewal of such authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued Ordinary Shares as at the date of the passing of the resolution (approximately 11.1 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 1p per Ordinary Share nor more than the higher of (i) 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased, (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and (iii) the highest current independent bid on that venue. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share of the Ordinary Shares and be in the interests of shareholders as a whole. Purchases would only be made for cash at a cost which is below the prevailing net asset value per share. Any shares purchased under this authority will be cancelled or held in treasury for future re-issue at a premium to the prevailing net asset value per share. The effect of any cancellation would be to reduce the number of shares in issue. For most purposes, where held in treasury, shares are treated as if they had been cancelled (for example they carry no voting rights and do not rank for dividends). The purpose of holding some shares in treasury is to allow the Company to re-issue these share quickly and cost effectively, thus providing the Company with greater flexibility.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the Annual General Meeting is in the interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions.

Statement Regarding Annual Report and Accounts

Following a detailed review of the Annual Report and Accounts by the Audit Committee, the Directors consider that taken as a whole it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Directors have assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and investment trusts in particular.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

14 April 2020

Corporate Governance Statement

The Company is committed to high standards of corporate governance and accordingly adheres, in so far as they are relevant to an investment trust the requirements of the 2018 revised Corporate Governance Code ('the Code') of the Financial Reporting Council ('FRC'). The Association of Investment Companies issued its own revised Code of Corporate Governance ('the AIC Code') which can be found at www.theaic.co.uk. Both codes are effective for accounting periods beginning on or after 1 January 2019. As a matter of good practice, the Company has adopted corporate governance arrangements which follow the general principles of the AIC Code. Significant differences in actual practice are detailed below.

Since all Directors are non-executive, the provisions on the role of the chief executive and on Directors' remuneration are not relevant to the Company (except in so far as they apply to non-executive Directors) and are therefore not reported on further.

In view of its non-executive nature and the requirement of the Articles of Association that all are subject to retirement by rotation, the Board does not consider it appropriate for the Directors to be appointed for a specified term. The Articles of Association require the Directors to retire by rotation at least every three years, and the Board has agreed that in accordance with the AIC Code all Directors will retire annually. In addition, due to its size and non-executive nature, the Board does not consider it appropriate for a Senior Independent Director to be appointed.

The Board consists solely of non-executive Directors. Mark Tennant is the Chairman. All Directors are considered by the Board to be independent of the Manager. New Directors receive an induction from the Manager on joining the Board and all Directors are made aware of appropriate training courses.

During the year the performance of the Board, committees and individual Directors was evaluated through a discussion process led by the Chairman. The performance of the Chairman was evaluated by the other Directors.

Amongst other considerations, the performance evaluation considered the balance of skills and diversity of the Board, as well as the Board's overall effectiveness. The Board believes it has an appropriate balance of skills and experience, length of service and knowledge of the Company. The Board does not consider that the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process adopted. But the option is kept under review.

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 December 2019 and the number of meetings attended by each Director. In addition to these scheduled meetings, there was a further two Board and one Board committee meeting held during the year.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. No such advice was sought during the year. The Company maintains appropriate Directors' and Officers' liability insurance.

The basis on which the Company aims to generate value over the longer term is set out within the Strategic Report. The Company has no executive Directors or employees. A management agreement between the Company and its Manager (BMO Investment Business Limited) sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters, including corporate strategy, investment and dividend policies, gearing, corporate governance procedures and risk management are reserved for the approval of the Board of Directors.

The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Board has direct access to the company secretarial advice and services provided by BMO. The proceedings at all board meetings are fully recorded through a process that allows and Director's concerns to be recorded in the

Attendance at meetings held during year ended 31 December 2019

	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mark Tennant	4	4	2	2	1	1	1	1
Elizabeth Kennedy	4	4	2	2	1	1	1	1
Swantje Conrad	4	4	2	2	1	1	1	1
Richard Gray	4	4	2	2	1	1	1	1
David Shaw	4	4	2	2	1	1	1	1

minutes. The Board has the power to appoint or remove the Company Secretary.

The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

The length of tenure of the Chairman is determined by reference to the AIC Code. The Board's policy on tenure of the Chairman is that continuity and experience are considered to add significantly to the strength of that role. As noted on page 27 the term of any non-executive Director, including the Chairman, beyond nine years is subject to rigorous review by the Board.

Throughout the year, a number of committees have been in operation. Those committees are the Audit Committee, the Management Engagement Committee, and the Nomination Committee. The committees operate within clearly defined terms of reference which are available for inspection on request at the Company's registered office.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Manager also adopts a zero tolerance approach and has policies and procedures in place to prevent bribery.

Audit Committee

The Audit Committee is chaired by Elizabeth Kennedy and comprises all of the Directors. The Report of the Audit Committee is contained on pages 33 and 34.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Mark Tennant. The report of the Management Engagement Committee is included on page 38.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by Mark Tennant. The report of the Nomination Committee is contained on page 35.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communications with them. The Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Board is also regularly briefed on shareholder attitudes by the Company's broker. The Chairman and other Directors are available to meet shareholders if required to discuss any significant issues that have arisen and address shareholder concerns and queries. In normal circumstances, the Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company.

In accordance with the AIC Code, when votes of 20 per cent or more have been cast against a resolution at a General Meeting the Company will announce the actions it intends to take to consult Shareholders to understand the reasons behind the result. A further update will be published within six months. No such votes were received during 2019.

By order of the Board

BMO Asset Management (Holdings) PLC
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

14 April 2020

Report of the Audit Committee

The members of the Audit Committee who served throughout the year ended 31 December 2019 were Elizabeth Kennedy, Swantje Conrad, Richard Gray, David Shaw and Mark Tennant. The committee is chaired by Elizabeth Kennedy. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment and remuneration of the Auditor, Ernst & Young LLP ('EY'), including its independence and objectivity. It is also the forum through which EY reports to the Board of Directors. The Committee meets at least twice yearly including at least one meeting with EY.

The Audit Committee met on two occasions during the year and the attendance of each of the members is set out on page 31. In the course of its duties, the committee had direct access to EY and senior members of the Manager's fund management and investment trust teams. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- The annual results announcements, and annual and half-yearly reports and accounts;
- The accounting policies of the Company;
- The principal risks faced by the Company and the effectiveness of the Company's internal control environment;
- The effectiveness of the audit process and related non-audit services and the independence and objectivity of EY, their re-appointment, remuneration and terms of engagement;
- The policy on the engagement of EY to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The receipt of an internal controls report from the Manager; and
- Whether the Annual Report and Accounts is fair, balanced and understandable.

As part of its review of the scope and results of the audit, during the year the Audit Committee considered and approved EY's plan for the audit of the financial statements for the year ended 31 December 2019. At the conclusion of the audit EY did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. EY issued an unqualified audit report which is included on pages 40 to 45.

With effect from 1 January 2017, EY, as the Company's auditor is no longer able to provide tax compliance and advisory services to the Company.

As part of the review of auditor independence and effectiveness, EY has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating EY, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team.

The appointment was tendered competitively in 2010. Following a thorough and rigorous review EY were re-appointed as auditor. The Company is not required to change its auditor until after the audit in respect of the year ended 31 December 2023. It is the current intention of the Audit Committee not to change the auditor until then. The Audit Committee, from direct observation and enquiry of the Manager, remains satisfied that EY continues to provide effective independent challenge in carrying out its responsibilities.

Following professional guidelines, the audit partner rotates after five years. The current audit partner is in his final year of his appointment. On the basis of this assessment, the Audit Committee has recommended the continuing appointment of EY to the Board. EY's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements

Matter	Action
Valuation of Unlisted Investments The Company's portfolio is invested predominantly in unlisted securities. Errors in the valuation could have a material impact on the Company's net asset value per share.	The Company's accounting policy for valuing its unlisted investments is stated in note 1(e) to the financial statements. The Audit Committee reviewed and challenged the valuation prepared by the Manager, taking account of the latest available information about the Company's investments, the Manager's knowledge of underlying funds and current market information where appropriate. The Audit Committee satisfied itself that the investments were valued on a consistent basis with prior periods and in accordance with published industry guidelines and applicable accounting standards.

Significant Issues Considered by the Audit Committee in Relation to the Financial Statements (continued)

Matter	Action
Going Concern The Directors of the Company are responsible for preparing the Report and Accounts. In preparing these financial statements the Directors are required to consider whether it is appropriate to adopt the going concern basis. The Directors will consider if the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of this report.	The Directors considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its covenants. Given the current volatility in stock markets and the economic disruption arising from the Coronavirus pandemic, the Audit Committee also considered detailed cashflow projections modelling various scenarios relating to the Coronavirus pandemic on the future drawdowns to be paid and distributions to be received by the Company. These projections were adjusted to consider various plausible scenarios and took account of possible impacts upon the future NAV of the Company and the ability of the Company to achieve its loan covenants. The Board concluded that there was a low probability that a covenant breach related to capacity to meet cashflow requirements would occur. Furthermore the Board has considered the remedies available if it appears that a covenant breach appears possible. Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that the Company is well placed to manage such an eventuality satisfactorily. Further details are provided on page 29. The Directors were satisfied that the adoption of the going concern basis was appropriate.
Title to Unlisted Investments If the Company did not have legal title to its unlisted investments this could have a material impact on its net asset value per share.	The Board receives quarterly reports from the depositary and on an annual basis the Audit Committee reviews the Manager's AAF Report on its internal controls.
Calculation of Performance Fee As disclosed in note 3 to the financial statements, the Manager is entitled to both a basic and performance related management fee. The entitlement to a performance fee is based on a number of criteria. Errors in its calculation could result in an overpayment or underpayment of fees to the Manager.	The Audit Committee reviews the Manager's entitlement to a performance fee and also reviews the calculation of any performance fee provisions twice a year.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. These functions include the financial reporting process. A residual risk rating is then applied. The test matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken.

A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Manager and other service providers. Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, its peer group and a broad equity market index. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines. Since its appointment in July 2014, the depositary has provided quarterly reports to the Board and carries out daily independent checks on cost and investment transactions, annually verifies asset ownership and has strict liability for the loss of the Company's financial assets in respect of which it has safe keeping duties.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, including its internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary but this decision will be kept under review.

Elizabeth Kennedy
Chairman of the Audit Committee

14 April 2020

Report of the Nomination Committee

Role of the Committee

The Committee met on one occasion during the year. The duties of the Nomination Committee are:

- To be responsible for reviewing and nominating candidates for the approval of the Board to fill vacancies on the Board of Directors.
- To consider and review the composition and balance of the Board from time to time and, where appropriate, to make recommendations to the Board.
- To review the re-appointment of Directors, as they fall due for re-election, under the terms of their appointment and the UK Corporate Governance Code, and to make recommendations to the Board as considered appropriate.
- To review actual or possible conflicts of interest in respect of each Director and any authorised conflicts.
- To review annually the level of Directors' fees and recommend any changes to the Board.
- To consider other topics, as defined by the Board.

Composition of the Committee

All the Directors are members of the committee the terms of reference of which can be found on the website at www.bmoprivateequitytrust.com.

Succession planning

Appointments of all new Directors are made on a formal basis, normally using professional search consultants, with the Nomination Committee agreeing the selection criteria and the method of recruitment, selection and appointment.

Succession plan

In addition to the maintenance of continuity the Board recognises the value in attracting fresh talent. As part of a process of succession planning it is anticipated that two new Directors will be appointed to the Board with a transition period to allow the transfer of knowledge and experience from long serving Directors prior to retirement. The Board welcomes the revised AIC Code of Corporate Governance and believes that its succession plan respects both the letter and spirit of the Code regarding composition and diversity.

Diversity

Any appointments to the Board are based on merit, but in considering appointments, the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, diversity, including gender, independence and knowledge of the Company within the Board. The Directors have not set any measurable objectives in relation to the diversity of the Board.

Committee evaluation

The activities of the committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as summarised on page 31. The conclusion from the process was that the committee was operating effectively, with the right balance of membership, experience and skills.

Mark Tennant
Chairman of Nomination Committee

14 April 2020

Directors' Remuneration Report

The Board consists solely of independent non-executive Directors. The Company has no executive Directors or employees. The Nomination Committee fulfils the function of a Remuneration Committee in addition to its nomination function, and is responsible for determining the level of Directors' fees.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 December 2019, are shown below.

Under company law, the Auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in its report on pages 40 to 45.

Nomination Committee

The Nomination Committee consists of all non-executive Directors and is chaired by Mark Tennant. The Board has appointed the Company Secretary, BMO Asset Management (Holdings) PLC, to provide information in advance of the Nomination Committee considering the level of Directors' fees.

Directors' Remuneration Policy

The Company's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, Directors' time commitment, their responsibilities and skills and be fair and comparable to that of other investment trusts that are similar in size and have similar investment objectives. There were no changes to the policy during the year. The Board reviews the remuneration of Directors annually.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £250,000 per annum and may not be changed without seeking shareholder approval at a general meeting. At the Annual General Meeting to be held on 20 May 2020 the Board will seek shareholder approval to increase this limit to £350,000 per annum. As discussed in the Chairman's Statement on page 5, the Board has determined a succession plan which will increase the size of the Board on a temporary basis. This transitional period will allow a transfer of experience and knowledge between Directors.

Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The non-executive Directors are engaged under letters of appointment and do not have service contracts. Each Director has a letter of appointment setting out the terms and conditions of his or her appointment and such letters are available for inspection at the Company's registered office and immediately prior and during the Company's Annual General Meeting. The terms of appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after his or her appointment. Directors are thereafter obliged to retire by rotation and, if they wish, to offer themselves for re-election, at least every three years after that.

In accordance with the revised AIC Code all Directors will seek re-appointment to the Board at the Annual General Meeting to be held on 20 May 2020 and at each meeting thereafter.

There is no notice period and no provision for compensation upon termination of appointment.

Future Policy Table

Based on the current levels of fees, Directors' remuneration for the forthcoming financial year would be as follows:

	2020* £	2019# £
Mark Tennant (Chairman)	**50,000**	50,000
Swantje Conrad	**33,000**	33,000
Richard Gray	**33,000**	33,000
Elizabeth Kennedy	**40,000**	40,000
Douglas Kinloch Anderson[1]	**–**	12,929
David Shaw	**33,000**	33,000
Total	**189,000**	201,929

[1] Retired from the Board 23 May 2019.

* Directors' remuneration for the year ending 31 December 2020 based on current fee levels. Directors are not eligible for any other payments.

Actual Directors' remuneration for the year ended 31 December 2019.

The Company has not received any views from its shareholders in respect of the levels of Directors' remuneration.

Annual Report on Directors' Remuneration

Directors' Emoluments for the Year (audited)

The Directors who served during the financial year received the following amounts for services as non-executive Directors as well as reimbursement for expenses necessarily incurred. No other forms of remuneration were paid during the year.

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Fees for services to the Company (audited)	Fees (audited)		Taxable Benefits [1] (audited)		Total (audited)	
Director	**2019**	2018	**2019**	2018	**2019**	2018
Mark Tennant (Chairman)	**50,000**	45,000	**3,966**	3,041	**53,966**	48,041
Swantje Conrad	**33,000**	30,000	**3,252**	2,674	**36,252**	32,674
Richard Gray	**33,000**	30,000	**3,193**	1,104	**36,193**	31,104
Elizabeth Kennedy	**40,000**	35,000	**497**	899	**40,497**	35,899
Douglas Kinloch Anderson†	**12,929**	30,000	**170**	45	**13,099**	30,045
David Shaw	**33,000**	30,000	**170**	13	**33,170**	30,013
Total	**201,929**	200,000	**11,248**	7,776	**213,177**	207,776

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

† Retired from the Board 23 May 2019.

With effect from 1 January 2019 the remuneration of the Chairman was increased from £45,000 to £50,000, the Chairman of the Audit Committee from £35,000 to £40,000 and Directors from £30,000 to £33,000.

Relative Importance of Spend on Pay

The table below shows the actual expenditure during the year in relation to Directors' remuneration, other expenses and shareholder distributions:

	2019 £	2018 £	Change %
Aggregate Directors' Remuneration	**201,929**	200,000	+1.0%
Management and other expenses*	**5,510,000**	5,677,000	–2.9%
Dividends paid to Shareholders	**10,921,000**	10,544,000	+3.6%

*Includes Directors' remuneration.

Directors' Shareholdings (audited)

The Directors who held office at the year end and their interests in the Ordinary Shares of the Company were as follows:

		31 December 2019 Ordinary Shares	31 December 2018 Ordinary Shares
Mark Tennant (Chairman)	Beneficial	**11,665**	11,665
Swantje Conrad	Beneficial	**12,439**	9,978
Richard Gray	Beneficial	**10,000**	10,000
Elizabeth Kennedy	Beneficial	**30,000**	30,000
David Shaw	Beneficial	**10,000**	10,000

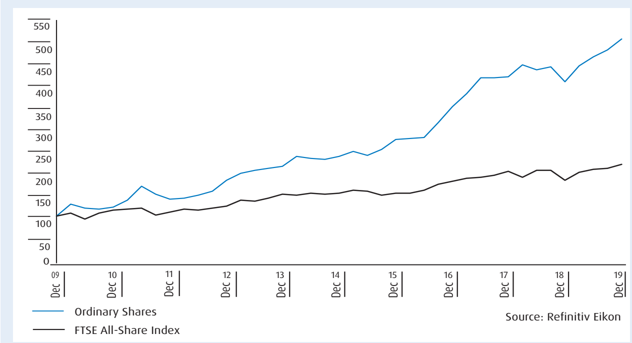
On 31 January 2020 Swantje Conrad purchased 119 shares.

There have been no other changes in the Directors' interests in the shares of the Company between 31 December 2019 and • April 2020.

Company Performance

The graph below compares, for the ten financial years ended 31 December 2019, the total return (assuming all dividends are reinvested) to shareholders compared to the total return on the FTSE All-Share Index. However, the Board recognises that the FTSE All-Share Index is not directly correlated with private equity investment.

Share Price Total Return Performance Graph



Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 23 May 2019, shareholders approved the Report on Directors' Remuneration for the year ended 31 December 2018. 97.0 per cent of votes were in favour of the resolution and 3.0 per cent were against.

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

The remuneration policy of the Company is approved by Shareholders tri-annually. It was last approved by Shareholders at the Annual General Meeting held on 25 May 2017, 99.4 per cent of votes were in favour and 0.6 per cent of votes against. A resolution to approve this policy is an agenda item for the Annual General Meeting of the Company.

On behalf of the Board

Mark Tennant, Chairman
14 April 2020

Report of the Management Engagement Committee

Duties of the Committee

The duties of the Management Engagement Committee are to review the terms and conditions of the appointment and the appropriateness of the continuing appointment of the Manager.

Composition of the Committee

The Management Engagement Committee is appointed by the Board from amongst the Board Directors of the Company. A quorum is two members.

The Chairman of the Management Engagement Committee shall be the Chairman of the Board.

Currently all members of the Board have been appointed to the Management Engagement Committee.

The terms of reference of the Management Engagement Committee are available on the Company's website www.bmoprivateequitytrust.com.

The Manager's Evaluation Process

The Committee meets annually. Its most recent meeting was March 2020 which included a formal evaluation of the performance and remuneration of the Manager. At each Board meeting throughout the year the performance of the Company is reviewed. The Board receives detailed papers, reports and reviews from the Manager on performance at each regular Board meeting. These papers include details of portfolio attribution, asset and sector allocation, gearing and risk. These enable the Board to assess the success or failure of the Manager's performance against the Key Performance Indicators determined by the Board.

The Manager's Re-appointment

During March 2020, the Management Engagement Committee of the Board reviewed the appropriateness of the Manager's continuing appointment. In carrying out the review, consideration was given to past investment performance and the ability of the Manager to produce satisfactory investment performance in the future. Consideration was also given to the standard of other services provided which include company secretarial, accounting, administration and marketing. The length of notice of the investment management contract and fees payable to the Manager were also reviewed. Following this review, it is the Board's opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders as a whole.

The Manager's Fee

An important responsibility of the Committee is the review of the Manager's fee. Details of the investment management fee are included in Note 3 to the Accounts. At each annual Committee meeting the Directors compare the basis of the remuneration of the Manager against that of the peer group.

Reporting Procedures

The Company Secretary circulates the minutes of meetings of the Management Engagement Committee to all members of the Board at the next Board meeting following a Management Engagement Committee Meeting.

In normal circumstances, a member of the Management Engagement Committee attends the Annual General Meeting and is available to answer questions on the Management Engagement Committee's activities and responsibilities.

Mark Tennant
Chairman

14 April 2020

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the Report and Accounts, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Report and Accounts is published on the bmoprivateequitytrust.com website, which is maintained by BMO. The Directors are responsible for the maintenance and integrity of the Company's website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rule 4.1.12

Each of the Directors listed on page 26 confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic 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; and
- the annual report and 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

On behalf of the Board

Mark Tennant
Chairman
14 April 2020

Independent Auditor's Report

Independent Auditor's Report to the Members of BMO Private Equity Trust PLC

Opinion

We have audited the financial statements of BMO Private Equity Trust plc (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 24 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 24 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 29 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 25 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our Audit Approach

Key audit matters	• Risk of incorrect valuation and defective title to the investment portfolio • Risk of incorrect calculation of the performance fee • Risk that the going concern assumption is incorrectly applied
Materiality	• Overall materiality of £3.04m which represents 1% of shareholders' funds (2018: £2.86m)

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect valuation and defective title to the investment portfolio (per the Audit Committee report set out on pages 33 and 34 the accounting policy set out on pages 51 and 52). The valuation of the investment portfolio at 31 December 2019 was £348.64m (2018: £295.24m) consisting primarily of private equity funds and co-investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. In accordance with the Company's accounting policy, all investments are classified as fair value through profit or loss. Unlisted investments are fair valued by the Directors and determined in accordance with the International Private Equity and Venture Capital Association ("IPEVCA") guidelines. The guidelines are also followed in respect of the marketability discounts applied to unlisted investments. The valuation of the unlisted investments is the area requiring the most significant judgement and estimation in the preparation of the financial statements.	**We have performed the following procedures:** We obtained an understanding of the Manager's processes and controls surrounding investment valuation by performing our walkthrough procedures to evaluate the design and implementation of controls. For a sample of private equity funds: • We agreed the valuation of private equity funds to the statements received from the underlying general partner. • We discussed the performance and valuations of the private equity funds with the Manager and challenged them on areas requiring most judgement. • We assessed that the framework of reporting from the underlying funds is consistent with the IPEVCA guidelines. • We reviewed and tested any adjustments made by management to the valuations provided by the underlying general partners. For a sample of co-investments: • We reviewed the direct investment valuations and assessed their compliance with the valuation principles of the IPEVCA Guidelines. • We discussed the performance and valuations of the co-investments with the Manager and challenged them on areas requiring most judgement. • We obtained and assessed evidence for inputs into the valuation models (e.g. relevant earnings, portfolio company structure and relevant comparative multiples). Other Procedures performed on investments included: • We reviewed the commentary on the remaining investments in the portfolio (outside the sample selected) for any apparent valuation anomalies. • We reviewed the valuation movements during the year with reference to the distributions and drawdowns which were subsequently agreed to bank statements, on a sample basis. • For those investments held in foreign currencies, we have ensured that the appropriate exchange rates have been applied. • We observed the oversight at Board level through reading minutes and board packs from Audit Committee and Board meetings throughout the year. • We agreed a sample the total committed capital directly to the Limited Partnership Agreements ('LPAs') of the PE funds and the 'drawn-down capital' to independent confirmations received directly from the PE Managers in order to confirm existence at the year-end. • To test for the risk of management override we tested a sample of manual journal entries posted in relation to unquoted investments during the year to relevant support.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and/or defective title of the unlisted investment portfolio.

Our Assessment of Risk of Material Misstatement (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect calculation of the performance fee (per the Audit Committee report set out on page 34 and the accounting policy set out on page 51). The performance fee amounted to £1.88m for the year ended 31 December 2019 (2018: £2.28m) The performance fees payable by the Company for investment management services are a significant component of the Company's cost base and, therefore impacts the Company's total return. If the performance fee is not calculated in accordance with the methodology prescribed in the investment management agreement ('IMA') this could have a significant impact on both costs and overall performance.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding the performance fee calculation. We recalculated the performance fee payable for the year ended 31 December 2019, with reference to the methodology prescribed in the IMA. We validated all key external inputs used in the calculation to our audited financial information, the IMA and to external information produced by data vendors. We considered whether there were any areas of interpretation of the performance fee that we were required to discuss with the Manager or Audit Committee.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect calculation of the performance fee.
Risk that the going concern assumption is incorrectly applied (as described on page 34 in the Report of the Audit Committee and as per the accounting policy set out on page 50). The Directors are required to determine the appropriateness of preparing the financial statements on a going concern basis. In doing so, they are obliged to consider the ability of the Company to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. They also required to assess the adequacy of the going concern disclosures in the annual report and financial statements. The company has total liabilities on the balance sheet of £50.9m which includes £47.9m drawdown on the Company's loan facility. The loan facility has a number of covenants associated with the net asset value, the value of total borrowings and the value of uncalled capital commitments as disclosed in Note 14. As at 31 December 2019, the Company has unrecognised future capital commitments of £147.1m. The outbreak of Covid-19 and the resulting financial and economic market uncertainty described above, could have a significant adverse impact on the performance of the Company, which potentially could lead to the improper application of the directors' going concern assumption.	**We performed the following procedures:** We ascertained that the going concern assessment covers a period of at least twelve months from the date of approval of the financial statements. We reviewed the cash flow and revenue forecast which support the Directors' assessment of going concern. We challenged the sensitivities and assumptions used in the forecasts. We held discussions with the Audit Committee and Investment Manager to determine whether, in their opinion, there is any material uncertainty regarding the Company's ability to pay liabilities and commitments as they fall due. We discussed whether there are any other events or conditions that exist that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. We considered whether the directors' assessment of going concern as included in the Annual Report is appropriate and consistent with the disclosure in the viability statement. We confirmed Covid-19 was a non-adjusting post balance sheet event and ensured that the requisite disclosures were included in the annual report including the post balance sheet events note on page 62. We reviewed and challenged the Company's Covid-19 impact assessment. This assessment included a review of the loan facility, the investment portfolio and contingency planning.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk that the going concern assumption is incorrectly applied or inappropriately disclosed.

The risk that the going concern assumption is incorrectly applied has been added as a key audit matter raised in the above risk table in as part of our audit of the 31 December 2019 statements.

An overview of the scope of our audit

Tailoring the scope

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

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £3.04m (2018: £2.86m) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £2.28m (2018: £2.14m).

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.15m (2018: £0.14m) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

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

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

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 39** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 33 and 34** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 31 and 32** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are IFRS, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incorrect valuation of the investment portfolio. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- Following the recommendation of the Audit Committee, we were appointed by the Company on 21 January 1999 to audit the financial statements for the year ending 31 December 2000 and subsequent financial periods.

  The period of total uninterrupted engagement is 20 years, covering periods the years ending 31 December 2000 to 31 December 2019.
- Non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee

Use of our report

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

Ashley Coups (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
14 April 2020

Notes:

1. The maintenance and integrity of the BMO Private Equity Trust plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

Notes	For the year ended 31 December 2019	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
	Income						
9	Gains on investments held at fair value	–	30,687	30,687	–	36,966	36,966
	Exchange gains	–	2,352	2,352	–	35	35
2	Investment income	3,788	–	3,788	2,340	–	2,340
2	Other income	63	–	63	81	–	81
	Total income	3,851	33,039	36,890	2,421	37,001	39,422
	Expenditure						
3	Investment management fee – basic fee	(279)	(2,509)	(2,788)	(660)	(1,980)	(2,640)
3	Investment management fee – performance fee	–	(1,878)	(1,878)	–	(2,277)	(2,277)
4	Other expenses	(844)	–	(844)	(760)	–	(760)
	Total expenditure	(1,123)	(4,387)	(5,510)	(1,420)	(4,257)	(5,677)
	Profit before finance costs and taxation	2,728	28,652	31,380	1,001	32,744	33,745
5	Finance costs	(181)	(1,632)	(1,813)	(428)	(1,286)	(1,714)
	Profit before taxation	2,547	27,020	29,567	573	31,458	32,031
6	Taxation	–	–	–	(109)	109	–
	Profit for year/total comprehensive income	2,547	27,020	29,567	464	31,567	32,031
8	**Return per Ordinary Share**	3.45p	36.54p	39.99p	0.63p	42.69p	43.32p

The total column of this financial statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above financial statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The accompanying notes are an integral part of the above financial statement.

Balance Sheet

As at 31 December 2019

Notes		2019 £'000	2018 £'000
	Non-current assets		
9	Investments at fair value through profit or loss	**348,644**	295,242
		348,644	295,242
	Current Assets		
11	Other receivables	**26**	142
12	Cash and cash equivalents	**6,509**	21,335
		6,535	21,477
	Current liabilities		
13	Other payables	**(3,038)**	(4,267)
14	Interest-bearing bank loan	**(27,794)**	(26,821)
		(30,832)	(31,088)
	Net current liabilities	**(24,297)**	(9,611)
	Total assets less current liabilities	**324,347**	285,631
	Non-current liabilities		
14	Interest-bearing bank loan	**(20,070)**	–
	Net assets	**304,277**	285,631
	Equity		
15	Called-up ordinary share capital	**739**	739
	Share premium account	**2,527**	2,527
	Special distributable capital reserve	**15,040**	15,040
	Special distributable revenue reserve	**31,403**	31,403
	Capital redemption reserve	**1,335**	1,335
	Capital reserve	**253,233**	234,587
	Shareholders' funds	**304,277**	285,631
8	**Net asset value per Ordinary Share**	**411.51p**	386.29p

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2020, and signed on its behalf by:

Mark Tennant
Director

The accompanying notes are an integral part of the above financial statement.

Statement of Changes in Equity

Notes	For the year ended 31 December 2019	Share Capital £'000	Share Premium Account £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
	For the year ended 31 December 2019								
	Net assets at 1 January 2019	739	2,527	15,040	31,403	1,335	234,587	–	285,631
	Profit for the year/total comprehensive income	–	–	–	–	–	27,020	2,547	29,567
7	Dividends paid	–	–	–	–	–	(8,374)	(2,547)	(10,921)
	Net assets at 31 December 2019	**739**	**2,527**	**15,040**	**31,403**	**1,335**	**253,233**	**–**	**304,277**
	For the year ended 31 December 2018								
	Net assets at 1 January 2018	739	2,527	15,040	31,403	1,335	213,100	–	264,144
	Profit for the year/total comprehensive income	–	–	–	–	–	31,567	464	32,031
7	Dividends paid	–	–	–	–	–	(10,080)	(464)	(10,544)
	Net assets at 31 December 2018	**739**	**2,527**	**15,040**	**31,403**	**1,335**	**234,587**	**–**	**285,631**

The accompanying notes are an integral part of the above financial statement.

Statement of Cash Flows

For the year ended 31 December 2019

Notes		2019 £'000	2018 £'000
	Operating activities		
	Profit before taxation	29,567	32,031
	Adjustments for:		
9	Losses/(gains) on disposals of investments	21,695	(41,549)
9	(Increase)/decrease in holding gains	(52,382)	4,583
	Exchange differences	(2,352)	(35)
	Interest income	(63)	(81)
	Interest received	63	81
	Investment income	(3,788)	(2,340)
	Investment income received	3,788	2,340
	Finance costs	1,813	1,714
	Decrease/(increase) in other receivables	116	(2)
	(Decrease)/increase in other payables	(1,058)	999
	Net cash outflow from operating activities	(2,601)	(2,259)
	Investing activities		
	Purchases of investments	(65,105)	(71,909)
	Sales of investments	42,390	80,261
	Net cash (outflow)/inflow from investing activities	(22,715)	8,352
	Financing activities		
14	Drawdown of bank loans	35,574	-
14	Repayment of bank loans	(11,459)	-
14	Arrangement costs from issue of loan facility	(1,245)	-
	Interest paid	(1,744)	(1,310)
7	Equity dividends paid	(10,921)	(10,544)
	Net cash inflow/(outflow) from financing activities	10,205	(11,854)
	Net decrease in cash and cash equivalents	(15,111)	(5,761)
	Currency gains	285	331
	Net decrease in cash and cash equivalents	(14,826)	(5,430)
	Opening cash and cash equivalents	21,335	26,765
	Closing cash and cash equivalents	6,509	21,335

The accompanying notes are an integral part of the above financial statement.

Notes to the Financial Statements

1 Accounting policies

A summary of the significant accounting policies adopted is set out below.

(a) **Basis of accounting**

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The principal accounting policies are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ('SORP') issued by the Association of Investment Companies ('AIC') in November 2014 and updated in February 2018 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail is contained in the Report of the Directors on page 29.

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its banking covenants. They have also considered year-end cash balances and forecast cash flows, especially those relating to capital commitments and realisations.

As at 31 December 2019, the Company had outstanding undrawn commitments of £147.1 million. Of this amount, approximately £15 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire. The Company has a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of £75 million. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2019 the Company had fully drawn the term loan of €25 million and had drawn £27.8 million of the revolving credit facility, leaving £47.2 million of the revolving credit facility available. This available proportion of the facility can be used to fund any shortfall between the proceeds received from realisations and drawdowns made from funds in the Company's portfolio or funds required for co-investments. Under normal circumstances this amount of 'headroom' in the facility would be more than adequate to meet any such shortfall.

At present the global economy is suffering considerable disruption due to the effects of the Coronavirus and the Directors have given serious consideration to the consequences of this for the private equity market in general and for the cashflows and asset values of the Company specifically over the next twelve months. The Company has a number of loan covenants and at present the Company's financial situation does not suggest that any of these covenants are close to being breached. The Directors are mindful of the extraordinary nature of the current economic situation and have conducted a number of stress tests to examine the possible circumstances which would result in the Company's covenants being breached. The Directors have also considered any remedial measures which the Company could practically employ to avoid a covenant breach if that appears likely.

It is the Directors' opinion that the circumstances which would give rise to a covenant breach have a low probability. The primary risk is that there is a very substantial decrease in the asset value of the Company in the short or medium term. Given prior experience in the last financial crisis of 2008/2009 and allowing for the breadth of the Company's portfolio and the valuation methodologies of the Company's investment managers and their investment partners, the Directors do not expect that the possible reduction in asset value arising from the shock of the Coronavirus will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of the Coronavirus shock on valuations, the Directors have also reviewed the forecast cashflows of the Company comprising future drawdowns and distributions. The cashflow forecasts take into account potential equity refinancings of portfolio companies, whether held through funds or as coinvestments, which may be necessary as a result of disruption during the Coronavirus period. The managers have incorporated detailed responses from companies and investment managers in preparing the cashflow forecasts.

Having compared these against the Company's current and projected available funding sources, principally its committed borrowing facility noted above, the Directors have confidence that there is a low probability that a covenant breach related to capacity to meet cashflow requirements will occur.

1 Accounting policies (continued)

Furthermore, being aware of the possible risks the Directors have considered in detail a number of remedial measures that are open to the Company which it may take if such a covenant breach appears possible. These include reducing commitments and raising cash through engaging with the private equity secondaries market. The Company's managers have considerable experience in the private equity secondaries market through the activities of the Company and through the management of other private equity funds. The Directors have considered other actions which the Company may take in the event that a covenant breach was imminent including taking measures to increase the Company's asset base through an issuance of equity either for cash or pursuant to the acquisition of other private equity assets. The Directors have also considered the likelihood of the Company making alternative banking arrangements with its current lender or another lender.

Having considered the likelihood of the events which could cause a covenant breach and the remedies available to the Company, the Directors are of the view that Company is well placed to manage such an eventuality satisfactorily. Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

The accounting policies adopted are consistent with those of the previous financial year.

Standards issued but not yet effective.

There are no standards or amendments to standards not yet effective that are relevant to the Company and should be disclosed.

(b) Income

Investment income is determined on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Overseas dividends are shown net of withholding tax. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in capital reserves. Other income which includes deposit interest is recognised on an accruals basis.

(c) Expenses

Expenses are accounted for on an accruals basis.

During the year to 31 December 2018, the management fee and bank loan interest were allocated 75 per cent to capital and 25 per cent to revenue. In accordance with the Board's expected long-term split of returns in the form of capital gains and income, with effect from 1 January 2019 the allocation basis was revised to 90 per cent to capital and 10 per cent to revenue.

All other expenses are charged to revenue with the exception of any performance fee (described in more detail in note 3) which is charged fully to capital.

Transaction costs incurred on the purchase and sale of investments are taken to the Statement of Comprehensive Income as a capital item.

(d) Reserves

(i) Share Premium Account – the surplus of net proceeds received from the issue of new ordinary shares over the nominal value of such shares is credited to this account. The nominal value of the shares issued is recognised in share capital.

(ii) Special Distributable Capital Reserve – the Special Distributable Capital Reserve is available for the Company to return capital to shareholders and for buy back of shares.

(iii) Special Distributable Revenue Reserve – the Special Distributable Revenue Reserve is available for the Company to return revenue to shareholders by way of special dividends and for buy back of shares.

(iv) Capital Redemption Reserve – the nominal value of the Restricted Voting Shares bought back for cancellation were added to this reserve. This reserve is non-distributable.

(v) Capital Reserve – holding gains and losses, gains and losses on the disposal of investments and exchange adjustments to overseas currencies are taken to the Capital Reserve together with the proportion of management fees, finance costs and taxation allocated to capital. Dividends paid may be deducted from accumulated realised capital profits recognised within this reserve.

(vi) Revenue Reserve – the net profit/loss arising in the revenue column of the Statement of Comprehensive Income is added to this reserve. Dividends paid during the year may be deducted from this reserve.

(e) Investments

Investments are classified as fair value through profit or loss at initial recognition and are recognised on trade date. Investments are measured initially and at subsequent reporting dates at fair value. For listed investments this is closing bid price. Unlisted investments are fair valued by the Directors and determined in accordance with the International Private Equity and Venture Capital Valuation guidelines. The guidelines are also followed in respect of the marketability discounts applied to unlisted investments. Investments held in foreign currencies are translated at the rates of exchange ruling on the balance sheet date. Purchases and sales of investments are recognised at the trade date of the transaction. Gains and losses arising from the changes in fair value are included in net profit for the year as a capital item.

1 Accounting policies (continued)

All investments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy in note 10, described as follows, based on the lowest significant applicable input:

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 includes 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest significant applicable input) at the date of the event that caused the transfer.

(f) Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Non-monetary fixed assets held at fair value through profit and loss and denominated in foreign currencies are reported at the rates of exchange prevailing when the fair value was assessed. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the Statement of Comprehensive Income depending on whether the gain or loss is of a capital or revenue nature respectively.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the 'Gains on investments held at fair value'. Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as 'Exchange gains'.

Rates of exchange at 31 December	2019	2018
Euro	**1.18020**	1.11410
US Dollar	**1.32475**	1.27360
Norwegian Krone	**11.64090**	11.02840
Swedish Krona	**12.40095**	11.29152
Swiss Franc	**1.28285**	1.25550

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval under section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(h) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and overnights deposits.

(i) Interest-bearing borrowings

All borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

1 Accounting policies (continued)

(j) **Use of judgements, estimates and assumptions**

The presentation of the financial statements in accordance with accounting standards requires the Board to make judgements, estimates and assumptions that affect the accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. The nature of the estimations means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The area requiring the most significant judgement and estimation in the preparation of the financial statements is accounting for the value of unquoted investments. The policy for valuation of unquoted investments is set out in note 1(e) and further information on Board procedures is contained in the Report of the Audit Committee and note 10.

2 Income

	31 December 2019 £'000	31 December 2018 £'000
Investment income	3,788	2,340
Other income		
Deposit interest	63	81
	3,851	2,421

3 Investment management fee

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Investment management fee – basic fee	279	2,509	2,788	660	1,980	2,640
Investment management fee – performance fee	–	1,878	1,878	–	2,277	2,277
Total	279	4,387	4,666	660	4,257	4,917

The Company's investment manager is BMO Investment Business Limited ('the Manager').

Throughout the year the Manager was entitled to a basic management fee payable quarterly in arrears, of 0.9 per cent per annum of the relevant assets of the Company (2018: 0.9 per cent). For the purposes of the basic management fees, the 'relevant' assets are the net assets plus the amount of any long-term borrowings undertaken for the purpose of investment but excluding the value of any investment in any fund which is managed by the Manager or an associate of the Manager.

The Manager is also entitled to an annual performance fee if the internal rate of return per Ordinary Share over the relevant performance period (based on the net asset values per Ordinary Share at the beginning and end of that period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share during that period) exceeds 8 per cent per annum (the "performance hurdle").

The performance fee is also subject to a "high water mark" such that the aggregate of the net asset value per Ordinary Share at the end of the relevant performance period, before accruing for any performance fee, and the dividends paid and other distributions made per Ordinary Share since 31 December 2018 (the end of the last period in respect of which a performance fee was paid) must exceed the audited diluted net asset value of 386.29p per Ordinary Share as at 31 December 2018 (the net asset value per Ordinary Share (fully diluted) at the end of the last period in respect of which a performance fee was paid, after accruing for that performance fee).

If the above conditions are satisfied in respect of a performance period, the performance fee will be equal to 7.5 per cent of the annualised increase in the net asset value per Ordinary Share (calculated using the internal rate of return per Ordinary Share) over that period multiplied by the time-weighted average number of Ordinary Shares in issue (excluding any shares held in treasury) during that period, provided that such performance fee will be reduced to such amount as may be necessary to ensure that (i) both the performance hurdle and the high water mark would still be satisfied if calculated based on the net asset value per Ordinary Share at the end of that period after accruing for the performance fee and (ii) the aggregate basic management and performance fees do not exceed 2 per cent per annum of the Company's net asset value. The performance period is the 36 month period ending on 31 December in the year in respect of which the performance fee may be payable.

The management agreement between the Company and the Manager may be terminated at any time by either party giving six months' notice of termination. The management agreement can be terminated by the Company by written notice with immediate effect and no compensation being payable, if, inter alia, the Manager ceases to be an authorised person under the Financial Services and Markets Act 2000, or becomes insolvent, is wound up, has a receiver appointed over the whole or a substantial part of its assets or is liquidated. In the event that the Company

3 Investment management fee (continued)

terminates the agreement otherwise than in accordance with the management agreement, the Manager is entitled to receive a compensation payment. The compensation sum shall be an amount equal to 0.9 per cent of the net asset value of the Company as calculated at the business day prior to such termination becoming effective reduced pro rata in respect of any period of notice actually given from the date of receipt by the Manager of such notice to the effective date of termination.

During the year the Manager, also received a secretarial and administrative fee of £151,000 (2018: £142,000), which is subject to increases in line with the Consumer Price Index.

4 Other expenses

	2019 £'000	2018 £'000
Auditor's remuneration for:		
– statutory audit of the financial statements	36	34
Directors' fees	202	200
Legal fees	7	17
Printing and postage	33	30
Registrars fees	30	20
Secretarial and administrative fee	151	142
Irrecoverable VAT	91	70
Other	294	247
	844	760

5 Finance costs

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Interest payable on bank loans	181	1,632	1,813	428	1,286	1,714

6 Taxation on ordinary activities

(a) Analysis of charge for the year

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
UK corporation tax	–	–	–	(109)	109	–

(b) Reconciliation of taxation for the year

The taxation charge for the year is 19.00 per cent (2018: 19.00 per cent). The table below provides a reconciliation of the respective charges.

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Profit before tax	2,547	27,020	29,567	573	31,458	32,031
Corporation tax at standard rate of 19.00 per cent (2018: 19.00 per cent)	484	5,134	5,618	109	5,977	6,086
Effects of:						
Non taxable capital gains	–	(6,277)	(6,277)	–	(7,030)	(7,030)
Non taxable dividend income	(424)	–	(424)	(37)	–	(37)
Non-deductible charges	5	–	5	–	–	–
Unutilised expenses	(65)	1,143	1,078	(181)	1,162	981
	–	–	–	(109)	109	–

At 31 December 2019, there was an unrecognised deferred tax asset of £5,454,000 in respect of unutilised losses carried forward (2018: £4,559,000).

7 Dividends

	2019 £'000	2018 £'000
Amounts recognised as distributions to shareholders in the year:		
Quarterly Ordinary Share dividend of 3.55p per share for the quarter ended 30 September 2017	–	2,624
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 31 December 2017	–	2,640
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 31 March 2018	–	2,640
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 30 June 2018	–	2,640
Quarterly Ordinary Share dividend of 3.58p per share for the quarter ended 30 September 2018	2,647	-
Quarterly Ordinary Share dividend of 3.65p per share for the quarter ended 31 December 2018	2,699	-
Quarterly Ordinary Share dividend of 3.73p per share for the quarter ended 31 March 2019	2,758	-
Quarterly Ordinary Share dividend of 3.81p per share for the quarter ended 30 June 2019	2,817	-
	10,921	10,544
Amounts relating to the year but not paid at the year end:		
Quarterly Ordinary Share dividend of 3.58p per share for the quarter ended 30 September 2018	–	2,647
Quarterly Ordinary Share dividend of 3.65p per share for the quarter ended 31 December 2018	–	2,699
Quarterly Ordinary Share dividend of 3.87p per share for the quarter ended 30 September 2019	2,862	-
Quarterly Ordinary Share dividend of 3.92p per share for the quarter ended 31 December 2019*	2,899	-
	5,761	5,346

The third and fourth quarterly dividends were paid from the Company's revenue and capital reserves.

* Based on 73,941,429 Ordinary Shares in issue at 9 April 2020.

Special dividends
There were no special dividends paid during the year ended 31 December 2019 and 31 December 2018.

8 Returns and net asset values

	2019	2018
The returns and net asset values per share are based on the following figures:		
Revenue return	£2,547,000	£464,000
Capital return	£27,020,000	£31,567,000
Net assets attributable to shareholders	£304,277,000	£285,631,000
Number of shares in issue at end of year	73,941,429	73,941,429
Weighted average number of shares in issue during year	73,941,429	73,941,429

	Revenue	Capital	2019 Total	Revenue	Capital	2018 Total
Return per Ordinary Share	3.45p	36.54p	39.99p	0.63p	42.69p	43.32p

	2019	2018
Net asset value per Ordinary Share	411.51p	386.29p

Returns per share are calculated on the weighted average number of shares in issue during the year. Net asset values per share are calculated on the number of shares in issue at the year end. During the year ended 31 December 2019, the Company issued nil Ordinary Shares (31 December 2018: nil).

9 Investments

	Listed £'000	Unlisted £'000	2019 Total £'000	Listed £'000	Unlisted £'000	2018 Total £'000
Cost at beginning of year	**2,316**	**249,688**	**252,004**	2,316	216,399	218,715
Movements during the year:						
Purchases	**–**	**65,105**	**65,105**	–	71,794	71,794
Sales	**(377)**	**(42,013)**	**(42,390)**	–	(80,054)	(80,054)
Realised (losses)/gains	**(67)**	**(21,628)**	**(21,695)**	–	41,549	41,549
Cost at end of the year	**1,872**	**251,152**	**253,024**	2,316	249,688	252,004
Holding (losses)/gains	**(1,802)**	**97,422**	**95,620**	(1,687)	44,925	43,238
Valuation at end of year	**70**	**348,574**	**348,644**	629	294,613	295,242

	2019 £'000	2018 £'000
Realised (losses)/gains on investments sold	**(21,695)**	41,549
Increase/(decrease) in holding gains	**52,382**	(4,583)
Gains on investments	**30,687**	36,966

Unlisted investments are valued in accordance with the policies set out in note 1(e). It is in the nature of Private Equity and similar unquoted investments that they may be loss making, with no certainty of survival, and that they may prove difficult to realise. The concept of "fair value" as applied to such investments is not precise and their ultimate realisation may be at a value materially different from that reflected in the accounts. Further details on the valuation process in respect of Private Equity investments can be found in note 10.

During the year the Company incurred transaction costs on purchases and sales of investments of £nil (2018: £nil).

10 Fair value of assets and liabilities

Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2019 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2018 Total £'000
Financial assets								
Investments	**70**	**–**	**348,574**	**348,644**	629	–	294,613	295,242
Financial liabilities								
Multi-currency revolving credit facility	**–**	**(27,794)**	**–**	**(27,794)**	–	–	–	–
Term loan	**–**	**(21,181)**	**–**	**(21,181)**	–	(26,932)	–	(26,932)

There were no transfers between levels in the fair value hierarchy in the year ended 31 December 2019 (2018: none).

Valuation techniques and processes

Listed equity investments

Quoted fixed asset investments held are valued at bid prices which equate to their fair values. When fair values of publicly traded equities are based on quoted market prices in an active market without any adjustments, the investments are included within Level 1 of the hierarchy.

Unlisted equity investments

The Company invests primarily in private equity funds and co-investments via limited partnerships or similar fund structures. Such vehicles are mostly unquoted and in turn invest in unquoted securities. The fair value of a holding is based on the Company's share of the total net asset value of the fund or share of the valuation of the co-investment calculated by the lead private equity manager on a quarterly basis.

The lead private equity manager derives the net asset value of a fund from the fair value of underlying investments. The fair value of these underlying investments and the Company's co-investments is calculated using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEG'). In accordance with IPEG these investments are generally valued using an appropriate multiple of maintainable earnings, which has been derived from comparable multiples of quoted companies or recent transactions. The BMO private equity team has access to the underlying valuations used by the lead private equity managers including multiples and any adjustments.

10 Fair value of assets and liabilities (continued)

The BMO private equity team generally values the Company's holdings in line with the lead managers but may make adjustments where they do not believe the underlying managers' valuations represent fair value.

On a quarterly basis, the BMO private equity team present the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations.

Interest-bearing bank loans

The interest-bearing bank loans are recognised in the Balance Sheet at amortised cost in accordance with IFRS. The fair value of the term loan, on a marked to market basis was £21,180,800 at 31 December 2019 (2018: £26,931,615). The fair value is calculated using a discounted cash flow technique based on relevant current interest rates. The fair value of the mutli-currency revolving credit facility is not materially different to the carrying value at 31 December 2019.

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 31 December 2019 was 9.2 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (2018: 8.9 times EBITDA).

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

Input	Sensitivity used*	Effect on fair value £'000
31 December 2019		
Weighted average earnings multiple	**1x**	**53,627**
31 December 2018		
Weighted average earnings multiple	1x	47,620

*The sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the fair value of the Company's direct and indirect unlisted investments.

The fair value of the Company's unlisted investments is sensitive to changes in the assumed earnings multiples. The managers of the underlying funds assume an earnings multiple for each holding. An increase in the weighted average earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in this multiple would lead to a decrease in the fair value.

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the year:

	2019 £'000	2018 £'000
Balance at beginning of year	**294,613**	265,580
Purchases	**65,105**	71,794
Sales	**(42,013)**	(80,054)
(Losses)/gains on disposal	**(21,628)**	41,549
Holding gains/(losses)	**52,497**	(4,256)
Balance at end of year	**348,574**	294,613

The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet.

11 Other receivables

	2019 £'000	2018 £'000
Investment debtors	**–**	115
Other debtors	**26**	27
	26	142

12 Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at banks and on hand	**506**	425
Short-term deposits	**6,003**	20,910
	6,509	21,335

13 Current liabilities

Other payables	2019 £'000	2018 £'000
Interest accrued	**259**	430
Due to Manager	**2,604**	3,642
Accrued expenses	**175**	195
	3,038	4,267

14 Interest-bearing bank loans

On 19 June 2019, the Company entered into a five year €25 million term and £75 million multi-currency revolving credit facility agreement ('RCF') with The Royal Bank of Scotland International Limited. This replaced the Company's previous five year €30 million term loan agreement and a £45 million multi-currency revolving credit facility agreement. On redemption of the €30 million term loan agreement, €5 million was repaid. At 31 December 2019, €25 million term loan was drawn down (31 December 2018: €30 million).

£27.8 million of the RCF was drawn down at 31 December 2019 (31 December 2018: £nil drawdown). The amount of undrawn RCF at 31 December 2019 which is available for future operating activities and settling capital commitments is £47.2 million.

Interest rate margins on the amount drawn down are variable and are dependent upon commercial terms agreed with the bank. Commitment commissions are payable on undrawn amounts at commercial rates.

	£'000	£'000
Amounts payable after more than one year:		
€25 million term loan	**20,070**	–
Amounts payable in less than one year:		
€30 million term loan	**–**	26,821
Multi-currency revolving credit facility	**27,794**	–
Total interest-bearing bank loans	**47,864**	26,821

Analysis of movement in interest-bearing loans	31 December 2019 £'000	31 December 2018 £'000
Opening balance	**26,821**	26,308
Loans drawn in the year	**35,574**	–
Loan repaid in the year	**(11,459)**	–
Arrangement costs from issue of new loan facility agreement	**(1,245)**	–
Amortisation of set up costs	**239**	215
Non-cash foreign currency movements	**(2,066)**	298
Closing balance	**47,864**	26,821

Interest payable on bank loans is shown in note 5 and loan interest accrued in note 13.

Under the covenants which relate to the facility, the Company is required to ensure that at all times:

- the total borrowings of the Company do not exceed 32.5 per cent of the adjusted portfolio value;
- outstanding uncalled commitments expressed as a percentage of net asset value do not exceed 70 per cent;
- outstanding uncalled commitments forecast to be called during the three month period following a covenant test date do not exceed the available funds; and
- the net asset value is not less than £180 million.

The Company met all covenant conditions during the year.

15 Share capital

Equity share capital

	31 December 2019 £'000	31 December 2018 £'000
Equity share capital:		
Ordinary Shares of 1p each in issue	**739**	739

During the year ended 31 December 2019, the Company issued nil Ordinary Shares (2018: nil).

Capital management

The Company's capital is represented by its issued share capital, share premium account, special distributable capital reserve, special distributable revenue reserve, capital redemption reserve, capital reserve and revenue reserve.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed on pages 7 and 9.

16 Financial instruments

The Company's financial instruments comprise equity investments, cash balances, a bank loan and liquid resources including debtors and creditors. As an investment trust, the Company holds a portfolio of financial assets in pursuit of its investment objective. From time to time the Company may make use of borrowings to fund outstanding commitments and achieve improved performance in rising markets. The downside risk of borrowings may be reduced by raising the level of cash balances held.

The sensitivity calculations given in this note are based on positions at the respective balance sheet dates and are not representative of the year as a whole.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market price risk, interest rate risk, liquidity and funding risk, credit risk and foreign currency risk.

Market price risk

The Company's strategy for the management of market price risk is driven by the Company's investment policy as outlined on page 9. The management of market price risk is part of the investment management process and is typical of private equity investment. The 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. Further information on the investment portfolio is set out on pages 19 to 23. Investments in unquoted stocks, by their nature, involve a higher degree of risk than investments in the listed market. Some of that risk can be, and is, mitigated by diversifying the portfolio across geographies, business sectors and asset classes, and by having a variety of underlying private equity managers. New private equity managers are only chosen following a rigorous due diligence process. The Company's overall market positions are monitored by the Board on a quarterly basis. The effect on the portfolio of a 20% increase or decrease in the portfolio as at the year-end would have resulted in an increase or decrease of £69,728,800.

Interest rate risk

Some of the Company's financial assets are interest bearing and, as a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

When the Company retains cash balances the majority of the cash is held in deposit accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency.

The Company held the following floating rate instruments at the year-end:

	2019 £'000	2019 weighted average interest rate	2019 weighted average for which rate is fixed (years)	2018 £'000	2018 weighted average interest rate	2018 weighted average for which rate is fixed (years)
Cash and cash equivalents	**6,509**	**0.4%**	**–**	21,335	0.6%	–
Multi-currency revolving credit facility	**(27,794)**	**3.0%**	**0.2**	–	–	–
Term loan	**(20,070)**	**2.1%**	**0.2**	(26,821)	2.9%	0.2

An increase of 25 basis points in interest rates as at 31 December 2019 would have increased loan interest payable, increased interest income receivable and decreased the total profit for the year by £106,169 (2018: increased loan interest payable, increased interest income receivable and decreased the total profit by £13,982). A decrease of 25 basis points would have had an equal but opposite effect.

16 Financial instruments (continued)

Liquidity and funding risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer.

Capital commitments in respect of outstanding calls on investments at 31 December 2019 amounted to £147,107,000 (2018: £130,928,000). Of these outstanding commitments, at least £15 million (2018: £16 million) is to funds where the investment period has ended and the Manager would expect very little of this to be drawn. The outstanding undrawn commitments remaining within their investment periods are regularly monitored by the Manager using a cashflow model and will be funded using cash, the revolving credit facility and realised capital gains from more mature funds which are distributing cash back to the Company.

The Company's listed securities are considered to be readily realisable.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described on page 9. The Company's overall liquidity risks are currently monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Contractual maturity analysis for financial liabilities

As at 31 December 2019	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	Total £'000
Liabilities					
Other creditors	1,099	61	1,878	–	3,038
Multi-currency revolving credit facility	–	27,942	–	–	27,942
Term bank loan	–	98	376	22,758	23,232
Total liabilities	1,099	28,101	2,254	22,758	54,212

As at 31 December 2018	One month £'000	Between one and three months £'000	Between three and twelve months £'000	Between one and five years £'000	Total £'000
Liabilities					
Other creditors	1,923	67	2,277	–	4,267
Interest-bearing bank loan	–	120	27,168	–	27,288
Total liabilities	1,923	187	29,445	–	31,555

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 Manager 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 represents the maximum credit risk exposure at the balance sheet date, hence no separate disclosure is required.

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

	2019 £'000	2018 £'000
Cash and cash equivalents	6,509	21,335
Interest and other receivables	26	27
	6,535	21,362

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the listed assets of the Company (which are traded on a recognised exchange) are held by JPMorgan Chase Bank, the Company's custodian.

16 Financial instruments (continued)

The Company has an ongoing contract with the Custodian for the provision of custody services. The contract was reviewed and updated in 2014. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The Depositary has regulatory responsibilities relating to segregation and safe keeping of the Company's financial assets, amongst other duties, as set out in the Directors' Report. The Board has direct access to the Depositary and receives regular reports from it via the Manager.

To the extent that the Manager carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management of BMO (including the Fund Manager) and with BMO's Risk Management function. In reaching its conclusions, the Board also reviews BMO's annual Audit and Assurance Faculty Report.

The Company's cash balances are held by a number of counterparties. Bankruptcy or insolvency of these counterparties may cause the Company's rights with respect to the cash balances to be delayed or limited. The Manager monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Manager would move the cash holdings to another bank.

Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. It is not the Company's policy to hedge this risk on a continuing basis but it may do so from time to time. The Company has a multi-currency revolving credit facility which allows it to drawdown in multiple currencies. There were no currency forwards open at the year end.

Foreign currency exposure at the year end is:

	2019 Investments £'000	**2019 Cash £'000**	**2019 Borrowings £'000**	2018 Investments £'000	2018 Cash £'000	2018 Borrowings £'000
US Dollar	**46,205**	**1,727**	**–**	42,978	–	–
Euro	**126,139**	**96**	**(38,976)**	108,386	413	(26,928)
Norwegian Krone	**11,507**	**–**	**–**	8,506	–	–
Swedish Krona	**4,724**	**–**	**–**	2,643	–	–
Swiss Franc	**3,994**	**–**	**–**	1,516	–	—
Total	**192,569**	**1,823**	**(38,976)**	164,029	413	(26,928)

To highlight the sensitivity to currency movements, if the value of sterling had weakened against each of the currencies in the portfolio by 5 per cent at 31 December 2019, the capital gain would have increased for the year by £8.2 million (2018: positive £7.2 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 5 per cent, the capital gain would have decreased for the year by £7.4 million (2018: negative £6.5 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole.

17 Related Parties and Transactions with the Manager

The Directors are considered to be related parties. There are no transactions with the Directors other than aggregated remuneration for services as Directors and Directors' shareholding as disclosed in the Directors' Remuneration Report on pages 36 and 37 and set out in note 4 to the accounts. There are no outstanding balances with the Directors at year end.

The amounts paid and due to the Manager, together with the details of the Investment Management Agreement, are disclosed in note 3 and note 13. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

18 Securities financing transactions ('SFT')

The Company has not, in the year to 31 December 2019 (2018: same), participated in any: repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.

19 Post balance sheet event

Since the year end the Coronavirus pandemic has resulted in an increase in stockmarket volatility and economic disruption. Business continuity plans have been implemented at the Manager and many of the Company's key suppliers without any noticeable impact upon service delivery and operations.

The Company has undertaken a detailed review of the potential impact of the Coronavirus pandemic on the investments held within the portfolio. The Manager has discussed its impact with underlying fund managers and undertaken detailed sensitivity analysis.

The net asset value of the Company as at 31 March 2020, however, has not yet been prepared. The Company relies on information to be provided by underlying fund managers who do not ordinarily provide their valuations by the date of this report.

As noted on page 58 the Company has a number of banking covenants and at present the Company's financial situation does not suggest that any of these covenants are close to being breached. The Directors are mindful of the extraordinary nature of the current economic situation and have conducted a number of stress tests to examine the possible circumstances which would result in the Company's covenants being breached. The Directors have also considered any remedial measures which the Company could practically employ to avoid a covenant breach if that appears likely.

Given prior experience in the last financial crisis of 2008/2009 and allowing for the breadth of the Company's portfolio and the valuation methodologies of the Company's investment managers and their investment partners, the Directors do not expect that the possible reduction in asset value arising from the economic shock of the Coronavirus pandemic will be of sufficient magnitude to give rise to a covenant breach.

The Chairman's Statement beginning on page 5 and the Investment Manager's Review beginning on page 15 also consider the possible impact upon the Company.

Given these analyses, at the date of this report the Coronavirus pandemic is a non-adjusting post balance sheet event.

AIFM Disclosures

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, BMO Investment Business Limited, is required to be made available to investors.

The Company's maximum and average actual leverage levels at 31 December 2019 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	115%	117%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Company's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Detailed regulatory disclosures including those on the AIFM's remuneration policy and costs are available on the Company's website or from BMO on request.

An Investor Disclosure Document for the Company is available on the Company's website **bmoprivateequitytrust.com**.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in BMO Private Equity Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Notice is hereby given that the twenty-first Annual General Meeting of BMO Private Equity Trust PLC (in this notice, the "Company") will be held on Wednesday, 20 May 2020 commencing at 12 noon at Quartermile 4, 7a Nightingale Way, Edinburgh, EH3 9EG, to transact the following business:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. That the Report of the Directors, the Auditor's Report and the financial statements for the year ended 31 December 2019 be received and adopted.
2. To approve the Directors' Remuneration Policy set out on page 36 of the 2019 annual report including the increase of the aggregate limit on Directors' remuneration from £250,000 to £350,000.
3. That the Directors' Remuneration Report for the year ended 31 December 2019 be approved.
4. To approve the Company's dividend policy as set out on page 9 of the 2019 annual report.
5. That Mark Tennant, who retires annually, be re-elected as a Director.
6. That Elizabeth Kennedy, who retires annually, be re-elected as a Director.
7. That David Shaw, who retires annually, be re-elected as a Director.
8. That Swantje Conrad, who retires annually, be re-elected as a Director.
9. That Richard Gray, who retires annually, be re-elected as a Director.
10. That Ernst & Young LLP be re-appointed as auditor.
11. That the Directors be authorised to determine the remuneration of the auditor for the year ending 31 December 2019.
12. That, in accordance with Section 551 of the Companies Act 2006 (the "Act"), the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £73,941 (being an amount equal to 10 per cent of the total issued ordinary share capital of the Company (excluding shares held in treasury) as at 14 April 2020, being the latest practicable date before the publication of this notice). Unless previously varied, revoked or renewed, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2021, save that the Company may, before the expiry of any authority contained in this resolution, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or Section 551 of the Act.

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

13. That the Directors be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the general authority conferred on them by resolution 12 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

a) any such allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, open for acceptance for a period fixed by the Directors, to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be) to the respective number of Ordinary Shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

b) any such allotment and/or sale, otherwise than pursuant to sub-paragraph (a) above, of equity securities having an aggregate nominal value not exceeding the sum of £36,970 (being an amount equal to 5 per cent of the total issued ordinary share capital of the Company as at 14 April 2020, being the latest practicable date before the publication of this notice).

This authority shall expire, unless previously varied, revoked or renewed by the Company in general meeting at the conclusion of the Annual General Meeting of the Company in 2021, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the Directors may allot equity securities and/or sell equity securities held as treasury shares in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

Special Business

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

14. That the Company be and it is hereby authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares in the capital of the Company provided that:

 (i) the maximum number of Ordinary Shares authorised to be purchased shall be 11,083,820, (being 14.99 per cent of the number of the Ordinary Shares in issue at the date on which this resolution is passed);

 (ii) the minimum price which may be paid for an Ordinary Share shall be 1p;

 (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of:

  (a) 5 per cent above the average of the middle market quotations of Ordinary Shares as derived from the Daily Official List for the five business days immediately preceding the date of purchase;

  (b) the price of the last independent trade on the trading venue where the purchase is carried out; and

  (c) the highest current independent purchase bid on that venue.

 (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2021, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

BMO Asset Management (Holdings) PLC, Secretary
6th Floor
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG

14 April 2020

Notes

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

1. **Website Giving Information Regarding the AGM**

   Information regarding the AGM, including the information required by Section 311A of the Companies Act 2006, is available from bmoprivateequitytrust.com.

2. **2020 Annual General Meeting**

   Mindful of government travel and social gathering restrictions arising from the Coronavirus pandemic the Board has taken the difficult decision to amend the format of this year's AGM. This year's Meeting will be functional and will not incorporate a presentation from the investment manager, Hamish Mair nor provide refreshments. **Shareholders will not be permitted to attend** and attendance will be limited to a minimum quorum of two officers or employees of the Manager who are also shareholders of the Company. Instead, the investment manager's presentation will be available on the Company's website www.bmoprivateequitytrust.com. Shareholders can direct any questions they may have with regard to the resolutions proposed at the Meeting to privateequitytrustagm@bmogam.com.

3. **Appointment**

3.1 An Ordinary Shareholder of Proxy is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the AGM. **Due to the government restrictions on public gatherings we urge you to appoint the Chairman of the AGM as your proxy. If you do not, your votes will not count.**

3.2 An Ordinary Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Vote Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" that particular resolution.

3.3 An Ordinary Shareholder who wishes to change their proxy instruction must submit a new appointment of proxy in accordance with notes 4-6 (as appropriate) below. If an Ordinary Shareholder requires another hard-copy Form of Proxy to enable them to change their proxy instruction, they should contact the Registrar on the telephone number 0871 664 0300. Overseas shareholders should call +44 (0) 208 639 3399.

3.4 In order to revoke a proxy instruction, an Ordinary Shareholder must inform the Company by sending a hard-copy notice clearly stating their revocation of their proxy instruction to Link Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of an Ordinary Shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. The revocation notice must be received by the Registrar not later than 12 noon on 18 May 2020.

3.5 A person who is not an Ordinary Shareholder but has been nominated by an Ordinary Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

4. **Appointment of Proxy using Hard-copy Form of Proxy**

   The notes on the Form of Proxy explain how to direct a proxy how to vote, or abstain from voting, on the resolution. To appoint a proxy using the Form of Proxy, the Form of Proxy must be completed and signed and sent or delivered to Link Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by the Registrar by not later than 12 noon on 18 May 2020. In the case of an Ordinary Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

5. **Appointment of Proxy through CREST**

5.1 CREST members who wish to appoint a proxy for the AGM by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be reviewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

5.2 In order for a proxy appointment made via CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Registrar (RA10) by not later than 12 noon on 18 May 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

5.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.4 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. **Appointment of Proxy by Joint Members**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7. **Corporate Representatives**

Any corporation which is an Ordinary Shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as an Ordinary Shareholder provided that no more than one corporate representative exercises powers over the same Ordinary Share(s).

8. **Nominated Persons**

A person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person"):

(i) may have a right under an agreement between the Nominated Person and the Ordinary Shareholder who has nominated them to have information rights (the "Relevant Member") to be appointed or to have someone else appointed as a proxy for the AGM; and

(ii) if they either do not have such a right or if they have such a right but do not wish to exercise it, may have a right under an agreement between them and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

A Nominated Person's main point of contact in terms of their investment in the Company remains the Relevant Member (or, perhaps, their custodian or broker) and they should continue to contact them (and not the Company) regarding any changes or queries relating to their personal details and their interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from the Nominated Person.

9. **Website Publication of Audit Concerns**

Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by (an) Ordinary Shareholder(s) meeting the qualification criteria set out in note 10 below, the Company must publish on its website a statement setting out any matter that such Ordinary Shareholder(s) propose(s) to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement:

(i) it may not require the Ordinary Shareholder(s) making the request to pay any expenses incurred by the Company in complying with the request;

(ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and

(iii) the statement may be dealt with as part of the business of the AGM. The request:

(a) may be in hard copy form or in electronic form (see note 11 below);

(b) either set out the statement in full or, if supporting a statement sent by another Ordinary Shareholder, clearly identify the statement which is being supported;

(c) must be authenticated by the person or persons making it (see note 11 below); and

(d) be received by the Company at least one week before the AGM.

10. **Ordinary Shareholders' Qualification Criteria**

In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 9 above) the relevant request must be made by:

(i) (an) Ordinary Shareholder(s) having a right to vote at the AGM and holding at least 5 per cent of the total voting rights of the Company; or

(ii) at least 100 Ordinary Shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

11. **Submission of Hard Copy and Electronic Requests and Authentication Requirements**

Where (an) Ordinary Shareholder(s) wish(es) to request the Company to publish audit concerns (see note 9 above) such request must be made in accordance with one of the following ways:

(i) a hard copy request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, BMO Asset Management (Holdings) PLC, 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG;

(ii) a request which is signed by the Ordinary Shareholder(s), states their full name(s) and address(es) and is sent to the Company Secretary, BMO Asset Management (Holdings) PLC, 6th Floor, Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG; or

(iii) a request which states "BPET - AGM" in the subject line of the e-mail and the full name(s) and address(es) of the Ordinary Shareholder(s) and is sent to investor.enquiries@bmogam.com.

12. **Issued Shares and Total Voting Rights**

At 14 April 2020, the Company's issued share capital comprised 73,941,429 Ordinary Shares, none of which were held in treasury. Each Ordinary Share carries the right to one vote, and, therefore, the total number of voting rights in the Company at 14 April 2020 was 73,941,429.

13. **Communication**

Any electronic address provided either in this notice of AGM or any related documents (including the Form of Proxy) to communicate with the Company may not be used for any purposes other than those expressly stated.

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on request. Where dividends are paid to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete an application form which may be obtained from Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU on request.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Link Asset Services under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: **www.bmoprivateequitytrust.com**

Financial Calendar 2020/2021	
30 April 2020	Payment of final quarterly for 2019
20 May 2020	Annual General Meeting
May 2020	Announcement of quarterly results to 31 March 2020
July 2020	Payment of first interim dividend for 2020
August 2020	Announcement of interim results to 30 June 2020
October 2020	Payment of second interim dividend for 2020
November 2020	Announcement of quarterly results to 30 September 2020
January 2021	Payment of third interim dividend for 2020
March 2021	Announcement of annual results to 31 December 2020
April 2021	Payment of fourth interim dividend for 2020

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register at **www.fca.org.uk** to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **www.fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

History

1999
The Company was launched in March 1999 as part of the reorganisation of The Scottish Eastern Investment Trust plc with the objective of managing the private equity investments formerly held by that company so as to realise those assets and return cash to shareholders.

2001
In August 2001, the Company was reorganised and shareholders were given the opportunity to convert all or part of their existing ordinary shares into A Shares (subsequently renamed Restricted Voting Shares) and B Shares (subsequently renamed Ordinary Shares).

2005
In August 2005, shareholders approved a change of company name from Martin Currie Capital Return Trust plc to F&C Private Equity Trust plc and the Company issued 49,758,449 C Shares following the acquisition of Discovery Trust plc and a subscription of £20 million by Friends Provident. The C Shares subsequently converted into Ordinary Shares.

2009
In December 2009 the Company, through its wholly owned subsidiary F&C Private Equity Zeros plc ('FCPEZ') issued 30,000,000 ZDP Shares at 100 pence per share. The ZDP Shares were designed to have a predetermined capital entitlement at the end of their life, on 15 December 2014, of 152.14 pence per share giving a redemption yield of 8.75 per cent per annum.

2012
On 23 May 2012 the Company adopted its current dividend policy, which is designed to provide shareholders with a regular and relatively predictable source of income, and the prospect of income growth over time.

2013
On 14 February 2013 the Restricted Voting Shares were converted and redesignated as Deferred Shares and the Deferred Shares were bought back by the Company and cancelled on that date. On 15 February 2013 the admission of the Restricted Voting Shares to the Official List of the UKLA and trading on the London Stock Exchange's Main Market were cancelled.

2014
On 15 December 2014, FCPEZ repaid its 30,000,000 ZDP Shares at 152.14 pence per share.

2016
During the year, the Company issued 1,959,156 Ordinary Shares of 1p each in the capital of the Company, following the exercise of subscription rights by holders of a corresponding number of management warrants previously issued by the Company in the capital of the Company. No warrants remain in issue.

2017
During the year the Company amended its dividend policy to introduce the payment of quarterly dividends. The first quarterly dividend was paid in January 2018. Previously the Company paid semi-annual dividends.

2018
In November 2018, the Board of Directors approved a change of company name from F&C Private Equity Trust plc to BMO Private Equity Trust PLC.

Historical Record

(Since reconstruction in 2005)

31 December	Net Asset Value per Ordinary Share#	Ordinary Share Price	Discount	Revenue per Ordinary Share#	Dividends per Ordinary Share	Ongoing Charges
2005*	131.40p	107.00p	18.6%	1.96p	1.95p	1.3%
2006	178.10p	161.00p	9.6%	3.20p	2.50p	1.6%
2007	231.08p	187.00p	19.1%	0.60p	0.60p	1.7%
2008	218.74p	75.50p	65.5%	0.64p	0.50p	1.3%
2009	206.84p	107.00p	48.3%	0.58p	0.80p	1.3%
2010	228.02p	129.75p	43.1%	0.96p	0.95p	1.5%
2011	243.54p	146.00p	40.1%	0.78p	0.80p	1.4%
2012	254.38p	185.75p	27.0%	1.76p	10.03p	1.5%
2013	269.07p	207.50p	22.9%	0.94p	10.58p	1.4%ø
2014	277.55p	217.88p	21.5%	2.62p	10.84p	1.4%ø
2015	295.74p	241.75p	18.3%	6.78p	11.41p	1.3%ø
2016	350.98p	295.50p	15.8%	(0.41)p	12.60p	1.3%ø
2017	357.23p	339.00p	5.1%	(0.58)p	14.04p	1.3%ø
2018	386.29p	317.00p	17.9%	0.63p	14.37p	1.3%ø
2019	**411.51p**	**375.50p**	**8.8%**	**3.45p**	**15.33p**	**1.2%ø**

* as at 31 July 2005 # fully diluted ø excluding performance fee

Alternative Performance Measures

The Company uses the following Alternative Performance Measures ("APMs"):

Discount (or Premium) – If the share price of an Investment Trust is less than its Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium.

		31 December 2019	31 December 2018
Net Asset Value per share (pence)	(a)	411.51	386.29
Ordinary share price per share (pence)	(b)	375.50	317.00
Discount (c = (b-a)/a)	(c)	8.8%	17.9%

Dividend Yield – The annualised dividend divided by the share price at the year end. An analysis of dividends is contained in note 7 to the accounts.

		31 December 2019	31 December 2018
Dividend per share (pence)	(a)	15.33	14.37
Ordinary share price per share (pence)	(b)	375.50	317.00
Dividend yield (c=a/b)		4.1%	4.5%

Gearing – this is the ratio of the borrowings less cash of the Company to its total assets less current liabilities (excluding borrowings and cash). Borrowings may include: preference shares; debentures; overdrafts and short and long-term loans from banks; and derivative contracts. If the Company has cash assets, these may be assumed either to net off against borrowings, giving a "net" or "effective" gearing percentage, or to be used to buy investments, giving a "gross" or "fully invested" gearing figure. Where cash assets exceed borrowings, the Company is described as having "net cash".

		31 December 2019 £'000	31 December 2018 £'000
Borrowings less cash	(a)	41,355	5,486
Total assets less current liabilities (excluding borrowings and cash)	(b)	345,632	291,117
Gearing (c = a/b)	(c)	12.0%	1.9%

Ongoing Charges – All operating costs expected to be incurred in future and that are payable by the Company expressed as a proportion of the average Net Assets of the Company over the reporting year. The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, non-recurring costs and the costs of buying back or issuing Ordinary Shares. Ongoing charges of the Company's underlying investments are also excluded.

	Year to 31 December 2019	Year to 31 December 2018
Investment management fee – basic fee (£'000)	2,788	2,640
Other expenses (£'000)	844	760
Less non-recurring costs (£'000)	(25)	–
Ongoing charges (£'000):	3,607	3,400
Ongoing charges as a percentage of average net assets:	1.2%	1.3%
Ongoing charges (including performance fees) (£'000)	5,485	5,677
Ongoing charges (including performance fees) as a percentage of average net assets:	1.9%	2.1%
Average net assets (£'000)	289,507	269,915

Total Return – The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

	Year to 31 December 2019	Year to 31 December 2018
NAV per share at start of year (pence)	**386.29**	357.23
NAV per share at end of year (pence)	**411.51**	386.29
Change in year	**+6.5%**	+8.1%
Impact of dividend reinvestments	**+4.1%**	+4.3%
Total NAV return for the year	**+10.6%**	+12.4%

	Year to 31 December 2019	Year to 31 December 2018
Share price per share at start of year (pence)	**317.00**	339.00
Share price per share at end of year (pence)	**375.50**	317.00
Change in year	**+18.5%**	-6.5%
Impact of dividend reinvestments	**+5.1%**	+3.9%
Total share price return for the year	**+23.6%**	-2.6%

Glossary of Terms

Corporate Terms

AAF – Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC – Association of Investment Companies, is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles in the European Union, including Investment Trusts, must appoint a Depositary and an Alternative Investment Fund Manager. The Board of Directors of an Investment Trust, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

Closed-end Investment Company – A company, including an Investment Trust, with a fixed issued ordinary share capital which is traded on an exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances. This contrasts with an open-ended investment company, which has units not traded on an exchange but issued or bought back from investors at a price directly related to the Net Asset Value.

Custodian – A specialised financial institution responsible for safeguarding, worldwide, the listed securities and certain cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services. The Company's Custodian is JPMorgan Chase Bank.

Depositary – Under AIFMD rules applying from July 2014, the Company must appoint a Depositary, whose duties in respect of investments, cash and similar assets include: safekeeping; verification of ownership and valuation; and cash monitoring. Under AIFMD regulations, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties. The Depositary's oversight duties include, but are not limited to, oversight of share buybacks, dividend payments and adherence to investment limits. The Company's Depositary is JPMorgan Europe Limited.

Derivative – A contract between two or more parties, the value of which fluctuates in accordance with the value of an underlying security. The contract is usually short-term (for less than one year). Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. A derivative can be an asset or a liability and is a form of gearing because the fluctuations in its value are usually greater than the fluctuations in the underlying security's value.

Dividend – The income from an investment. The Company currently pays dividends to shareholders quarterly.

GAAP – Generally Accepted Accounting Practice. This includes UK GAAP and International GAAP (IFRS or International Financial Reporting Standards applicable in the European Union). The Company's financial statements are prepared in accordance with IFRS.

Gearing – Unlike open-ended investment companies, Investment Trusts have the ability to borrow to invest. This term is used to describe the level of borrowings that an Investment Trust has undertaken. The higher the level of borrowings, the higher the gearing ratio.

Investment Trust – A Closed-end Investment Company which satisfies the requirements of Section 1158 of the Corporation Tax Act 2010. Companies which meet these criteria are exempt from having to pay tax on the capital gains they realise from sales of the investments within their portfolios.

Leverage – As defined under AIFMD rules, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Leverage is broadly equivalent to Gearing, but is expressed as a ratio between the assets (excluding borrowings) and the Net Assets (after taking account of borrowings). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

Manager – The Company's investment manager is BMO Investment Business Limited, formerly known as F&C Investment Business Limited, which is part of the BMO Global Asset Management Group. Further details are set out on page 28 and in note 3 to the financial statements.

Market Capitalisation – The stock market value of a company as determined by multiplying the number of shares in issue, excluding those shares held in treasury, by the market price of the shares.

Net Assets (or Shareholders' Funds) – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Trust at a point in time.

Ordinary Shares – The main type of equity capital issued by conventional Investment Trusts. Shareholders are entitled to their share of both income, in the form of dividends paid by the Investment Trust, and any capital growth. As at 31 December 2019 the Company had only Ordinary Shares in issue.

Share Price – The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.

SORP – Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the AIC.

Total Assets – This is calculated as the value of the investments and other assets of an Investment Trust, plus cash and debtors.

Zero Dividend Preference Shares ('ZDP Shares') – An additional share class issued by some Investment Trusts. Their aim is to give investors back a certain amount of money, which is set in advance – called the redemption value.

Private Equity Terms

Carried Interest – The share in the proceeds of a sale of an investee company or fund that is retained by the private equity fund manager as a performance fee if the investment has performed well.

Co-investment – An investment made directly into a company alongside a financial sponsor or other private equity investors.

Deal Flow – The rate at which investment proposals come to a private equity fund manager.

Drawdown – When a private equity firm has decided where it would like to invest, it will approach its investor to drawdown the money already committed to the fund.

General Partner ('GP') – The manager of a limited partnership private equity fund.

Internal Rate of Return ('IRR') – Generally, the term refers to the annual compound rate of return to an investor over a given period. Returns normally include dividend and interest distributions and proceeds from disposals or a fair valuation of the company if unrealised.

Lead Investor – A private equity investor who either wins the mandate for, or invests the most in, a syndicated investment.

Limited Partnership – The legal structure of most private equity funds, comprising a fixed-life investment vehicle managed by General Partners with the Limited Partners being the investors. Limited Partners have limited liability and are not involved in the day-to-day management of the fund but receive regular and detailed reports on the holdings in the fund.

Management Buy-in ('MBI') – The purchase of a business by private equity investors together with one or more outside managers. The managers sometimes put up some of the finance and gain a share of the equity.

Management Buy-out ('MBO') – The purchase of a business by private equity investors with some or all of the existing management. The managers put up some of the finance and gain a share of the equity.

Mezzanine Finance/Debt – Loans, usually unsecured, which rank after secured or senior debt but before equity in the event of the company defaulting. To compensate for the greater risk, these loans usually carry interest at a higher rate than on a secured loan and an element of equity.

Secondaries Transaction – This is where an institutional, corporate or fund-of-funds investor in a private equity fund sells part or all of their portfolio of individual fund holdings to another institutional or corporate investor or fund-of-funds.

Senior Debt – Secured debt which ranks first in terms of repayment in the event of default.

Syndicated Investment – An investment which is too large to be undertaken by one fund on its own and which is therefore shared among several private equity funds.

Trade Sale – The sale of an investee company to another company in the same sector as opposed to a financial institution.

How to Invest

One of the most convenient ways to invest in BMO Private Equity Trust PLC is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2019/20 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £4,368 for the tax year 2019/20 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,368 for the 2019/20 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

ISA: 0.2%

GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

To open a new BMO plan, apply online at **bmogam.com/apply**

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: **info@bmogam.com**

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: **investor.enquiries@bmogam.com**
By post: BMO Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

BMO Asset Management Limited

0345 600 3030, 9.00am - 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Swantje Conrad
Richard Gray
David Shaw

Company Secretary

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Depositary

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Canary Wharf
London E14 5JP

Bankers

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Canary Wharf
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Company Number

Registered in Scotland No: SC179412

* Chairman of the Management Engagement Committee and the Nomination Committee
† Chairman of the Audit Committee

BMO Private Equity Trust PLC

Report and Accounts 31 December 2019

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