BMO Private Equity Trust PLC

Annual Report and Accounts

31 December 2020

BMO

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 2020

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 29.

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 77.

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

Financial Highlights

-14.2%

Share price performance

- Share price total return [(1)] for the year of -14.2 per cent for the Ordinary Shares.

22.7%

NAV total return

- Net Asset Value total return [(1)] for the year of 22.7 per cent for the Ordinary Shares.

16.13p

Quarterly dividends

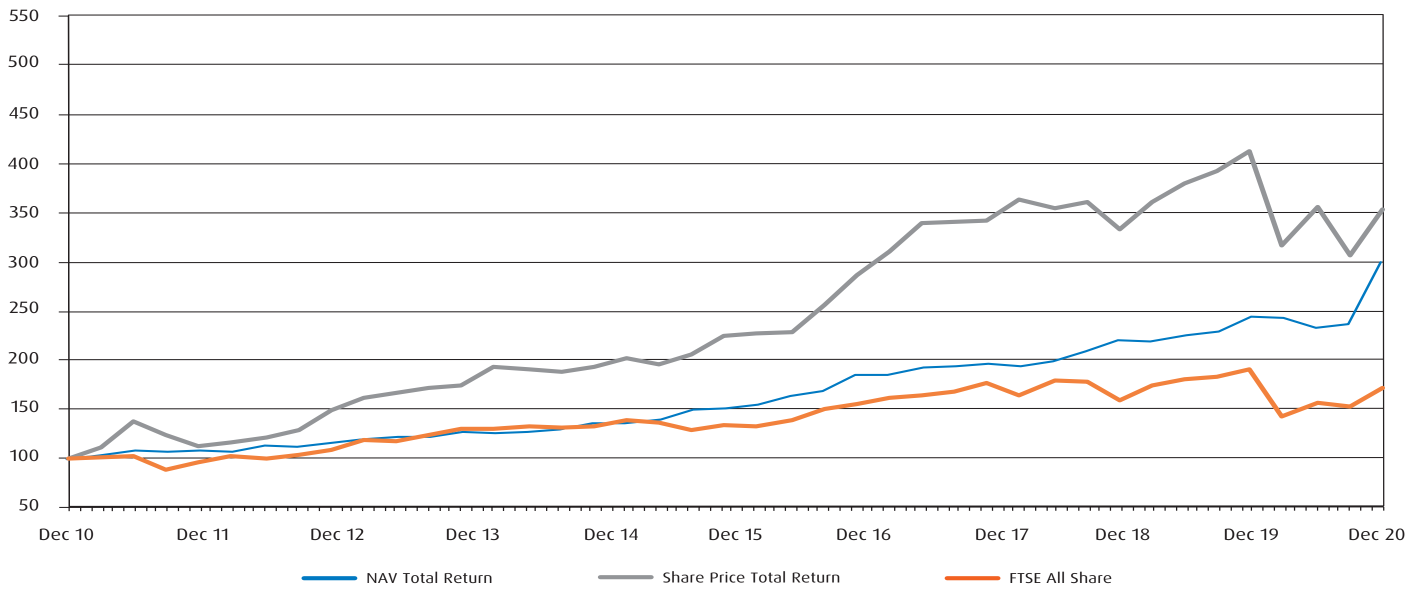
- Total quarterly dividends of 16.13p per Ordinary Share
  - Quarterly dividend of 3.99p per Ordinary Share paid 31 July 2020
  - Quarterly dividend of 3.99p per Ordinary Share paid 30 October 2020
  - Quarterly dividend of 3.99p per Ordinary Share paid on 29 January 2021
  - Quarterly dividend of 4.16p per Ordinary Share payable 30 April 2021

5.2%

Dividend yield

- Dividend yield [(2)] of 5.2 per cent based on the year-end share price.

The Longer Term Rewards



[(1)] Total Return. Refer to Alternative Performance Measures on page 74.

[(2)] Dividend Yield. Refer to Alternative Performance Measures on page 73.

Summary of Performance

Total Returns for the Year*	31 December 2020	31 December 2019	% change
Net asset value per Ordinary Share	+22.7%	+10.6%	
Ordinary Share price	-14.2%	+23.6%	
Capital Values			
Net assets (£'000)	359,483	304,277	+18.1
Net asset value per Ordinary Share	486.17p	411.51p	+18.1
Ordinary Share price	307.5p	375.50p	-18.1
Discount to net asset value †	36.8%	8.8%	
Income			
Revenue return after taxation (£'000)	3,490	2,547	
Revenue return per Ordinary Share	4.72p	3.45p	
Dividends per Ordinary Share	16.13p	15.33p	
Dividend Yield †	5.2%	4.1%	
Gearing †	14.9%	12.0%	
Ongoing Charges †			
As a percentage of average net assets excluding performance fees	1.3%	1.2%	
As a percentage of average net assets including performance fees	2.2%	1.9%	
Future commitments (£'000)	125,058	147,107	

* 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 73 and 74.

Sources: BMO Investment Business and Refinitiv Eikon

Chairman's Statement

Mark Tennant, Chairman

Fellow Shareholders,

I would first like to take this opportunity, on behalf of the Board, to thank you for your continuing support during these uncertain times. This has been a difficult period for many, but we do hope that you have managed through as well as possible.

I am pleased to report that your Company has achieved a net asset value ("NAV") total return for the year ended 31 December 2020 of 22.7 per cent. This compares to a total return from the FTSE All-Share Index for the year of -9.8 per cent. The NAV per share at the year-end was 486.17p (2019: 411.51p). The NAV total return for the fourth quarter was an impressive 26.1 per cent.

The share price at the year-end was 307.50p per share (2019: 375.50p). During the year the share price discount widened considerably. As at 31 December 2020 it was 36.8 per cent in comparison to 8.8 per cent as at 31 December 2019. As a consequence, the share price total return for the year was -14.2 per cent.

During the year the Company made new investments either through funds or as co-investments, totalling £36.1 million. Realisations and associated income totalled £37.6 million. Outstanding undrawn commitments at the year-end were £125.1 million of which £21.2 million was to funds where the investment period had 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 2020 was 15.2 per cent and, consequently, a performance fee of £3.0 million is payable to the Manager, BMO Investment Business Limited, in respect of 2020. This is the eighth 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, the Board recommends a further quarterly dividend of 4.16p per Ordinary Share, payable on 30 April 2021 to Shareholders on the register on 9 April 2021 and an ex-dividend date of 8 April 2021. Total dividends paid for the year therefore amount to 16.13p per Ordinary Share equivalent to a dividend yield of 5.2 per cent at the year-end.

Financing

The Company is well placed financially. For 2020 there was a near match between distributions and drawdowns at £37.6 million and £36.1 million respectively. This absence of an adverse imbalance despite the challenging background has meant that the Company has operated comfortably within its banking facilities throughout the year. Recognising that this cannot be guaranteed and to ensure that the Company retains a strong capacity for new investment, the Company has worked with its principal lender to increase the size of its revolving credit facility by £20 million to £95 million. This has been achieved through the introduction of State Street as another lender alongside RBSI. There are no changes to rates or covenants.

Directorate Change

On 4 June 2020, the Company was pleased to announce that Audrey Baxter and Tom Burnet had been appointed to the Board. Their appointments, which followed a thorough selection process involving an external search company, were part of the Company's plan to ensure an orderly succession as Directors retire.

Audrey Baxter has a distinguished career in business and public life. Audrey is currently Chairman and CEO of W. A. Baxter & Sons (Holdings) Ltd and has served previously on the boards of a number of public and private companies, charities and voluntary organisations.

Tom Burnet has held a number of senior roles in industry. Tom is currently Chair of ITG, a significant provider of outsourced marketing technology and services to many of the UK's and Europe's leading retailers and household names. He is also Chair of Kainos Group plc, the FTSE 250, Belfast headquartered, software company and the Baillie Gifford US Growth Trust plc.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at 12.00 noon on 27 May 2021 at Quartermile 4, 7a Nightingale Way, Edinburgh EH3 9EG. Mindful of the potential for travel and gathering restrictions arising from the COVID-19 pandemic the Board has again taken the disappointing decision to amend the format of this year's AGM.

Due to the restrictions on gatherings and travel in place at the time of this announcement, Shareholders will not be permitted to attend this year's AGM in person but can be represented by the Chairman of the meeting acting as their proxy. The AGM will be held as a closed meeting with the minimum attendance required to form a quorum.

To allow shareholder engagement despite these restricted circumstances, Shareholders can attend an online presentation by the Company's Chairman and Investment Manager, to be held at 12.00 noon on 27 May 2021, immediately prior to the formal business of the AGM.

To foster better shareholder engagement in these restricted circumstances, a special email account has been created and Shareholders are requested to direct any questions they may have about the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to this address: privateequitytrustagm@bmogam.com. The Board will endeavour to ensure that all such questions are fully addressed during the presentation or on the Company's website as described below.

The Manager's presentation will also be available on the Company's website www.bmoprivateequitytrust.com as soon as possible after the presentation accompanied with a regularly updated Questions and Answers Schedule. Online access details for the presentation will be included on the Form of Proxy or Form of Direction.

The formal AGM, including voting on the resolutions at the meeting will be held following the presentation as a closed meeting. Accordingly, and to ensure that their votes will count Shareholders are strongly encouraged to complete and submit their Form of Proxy or Form of Direction appointing the Chairman of the AGM as their proxy. Appointment of a proxy other than the Chairman of the meeting will result in a Shareholder's vote not being counted at the AGM as the person appointed as proxy will not be admitted to the formal meeting. The results of voting on the resolutions proposed at the AGM will be announced to the market as soon as possible following the close of the meeting.

The Board acknowledges the evolving nature of the current gathering and travel restrictions and will seek to change the format of this year's AGM if they are able to do so in a safe and compliant manner. If the Board does take such a decision, Shareholders will be notified of any change of format by London Stock Exchange Announcement and on the Company's website.

The Board has always valued the opportunity that the AGM provided to meet the Company's Shareholders. The Board therefore looks forward to a resumption of our normal practices in 2022 and if possible, with the additional facility of online attendance for those Shareholders unable to travel.

Outlook

The tone coming from our investment partners has improved greatly since the advent of lockdown a year ago. The private equity lead managers and company management have faced and tackled immense challenges and in general this has allowed our portfolio companies to cope well and come through the worst period with their business models and long term plans largely intact. This has only been possible because the private equity investment model allows investors to intervene with a powerful combination of managerial support and capital. There has been considerable sharing of best practices across portfolios run by the same managers. Usually private equity managers have a small number of problem cases per portfolio but 2020 has been unique in presenting everyone with major crises. As is evident from the manager's review, not all companies are coming through the crisis unscathed and there have been and there will be some failures. The impacts are unevenly and unfairly felt and government support programmes such as furloughing and CBILS, whilst welcome and essential, are not a complete solution. That all said provided the vaccination programmes proceed as planned over the next few months, the Company's portfolio is well placed to respond positively building on its recent resilience with future growth for our Shareholders.

Mark Tennant

Chairman

16 April 2021

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."

Purpose

The purpose of the Company is to deliver long-term capital growth and above average level of dividend to Shareholders.

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 2020 is presented in the Investment Manager's Review on pages 17 to 20 and in the Portfolio Summary on page 21. The full portfolio listing is provided on pages 22 and 23.

The Manager

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 16.

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 30 and 56.

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 30.

Communication and Marketing with Stakeholders

The Company fosters good working relationships with its key stakeholders; the Manager, as described above, Shareholders, investee funds and co-investments, 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 that 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 14 and, on page 26, can see what the Directors consider to be the Principal Risks that the Company faces.

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 17 to 20.

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. 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 four men and three 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 – Section 172 Statement

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, service providers and investee funds and co-investments. 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.

Under the Investment management agreement detailed on page 30 and note 3 to the financial statements, the monitoring of the activities of investee fund and co-investment managers is delegated to the Manager. The Manager reports at each Board meeting on the performance of the Company's investments.

The Board takes a responsible approach to Environmental, Social and Governance ("ESG") Issues. The Board has appointed a manager that applies high standards of ESG practice. We have therefore included on page 12 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 15 April 2020 the Company announced that the Board had amended the format of the 2020 AGM. The AGM was functional with Shareholders not permitted to attend and attendance limited to the minimum quorum of two officers or employees of the Manager of the Company who were also shareholders.	This decision was taken by the Board mindful of government travel and social gathering restrictions arising from the COVID-19 pandemic.	The decision was announced on 15 April 2020 through the Company's annual results announcement released through a Regulatory News Service. Shareholders were encouraged to direct any questions they may have had with regard to the resolutions proposed at the AGM or the performance of the Company to a specially designated email account. The Manager's presentation was also made available on the Company's website **www.bmoprivateequitytrust.com**.	With the continuing restrictions arising from the COVID-19 pandemic the Board has again amended the format of the 2021 AGM. Shareholders will be able to view online a presentation from the Chairman and the Manager. The formal section of the meeting will be closed with Shareholders encouraged to vote in advance appointing the Chairman of the meeting as their proxy. Shareholders can direct any questions they may have with regard to the resolutions and performance of the Company to **privateequitytrustagm@bmogam.com**.
The Board has agreed a sucession plan to refresh its composition. Experienced, long serving Directors will retire during a transition period which will involve the appointment of 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 appointed an external search consultant to develop a shortlist of candidates for recruitment as non-executive directors. Candidates were interviewed by the Board.	On 4 June 2020, the Company announced that Audrey Baxter and Tom Burnet had joined the Board. Their appointments will be subject to a Shareholder vote at the forthcoming AGM.

Sustainability and ESG

As stewards of nearly £338 million of invested assets we support positive change. The Company benefits from the Manager's leadership in this field and its £215 billion of assets under management.

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. There are two strands to this approach. The Company's own responsibilities on matters such as governance and the impact it has through the investments that are made on its behalf by its Manager.

The Company's compliance with the revised AIC Code of Corporate Governance is detailed in the Corporate Governance Statement on pages 33 to 34. In addition, the Principal Policies statement on pages 9 and 10 notes the Company's policies towards board diversity, integrity and business ethics, prevention of the facilitation of tax evasion and the Modern Slavery Act 2015.

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 engages actively 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 provided staff with ESG training, formalised ESG policies, applied a code of conduct or recognised set of guidelines, employed staff with specific ESG responsibilities and produced ESG reporting.

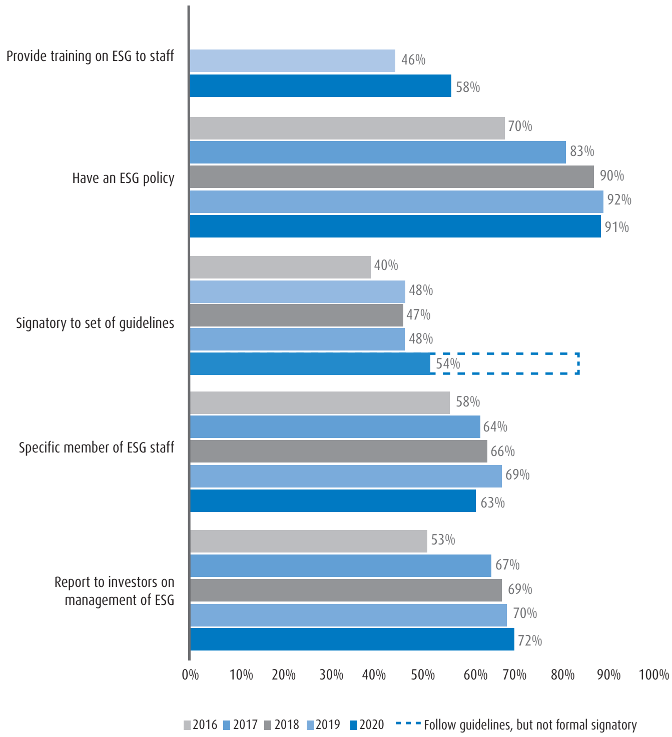
These surveys which act as an encouragement to underlying fund managers have reported improvement. In particular since 2016 the percentage of managers with an ESG policy has increased from 70% to 91%. Reporting to investors on ESG matters has also risen from 53% to 72%.

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

Kristi Mitchem,
CEO BMO Global Asset Management

Outcome of 2020 Manager Survey

The survey was sent to 100 underlying fund managers



The rising importance of ESG within Private Equity

For several years the Manager has been committed to engaging with the Company's underlying fund managers to encourage them to bring ESG to the forefront of their investment processes.

Over the last few years, it has been noticeable that there has been a move from having a broad awareness and uneven adoption of ESG, to accepting it as a standard part of doing business. ESG is now mainstream with investors demanding greater ESG integration and transparency from private equity firms.

There is also enhanced global regulatory focus around ESG, and a continuous 'raising of the bar' in terms of market expectations on ESG practices within the private equity industry. Like BMO, many limited partners are signatories to the UN PRI or similar and expect general partners to demonstrate a commitment to ESG issues by having a coherent, structured framework in place.

There is also an increasing acceptance of the financial impact ESG can have both in terms of downside risks and upside returns: ESG can be a risk to investment returns but also market leading ESG practices are increasingly attractive to customers and potential investors resulting in significant shareholder added value. A general partner that does not implement ESG practices within its investment portfolio not only fails to mitigate risks, but could also miss out on substantial gains.

Portfolio case study

Volpi Capital I portfolio company – Version 1

The company is helping employees to live healthy through promoting a daily culture of positive health and well-being. The business invests in a culture of wellness through programs and activities that help employees towards achieving optimal well-being.

Version 1 has a well-being framework which is based on the 'Strength in Balance' theme. This encapsulates all aspects of a Version 1 employee's health and well-being which the company views as necessary to empower their workforce and allow employees to build a sustainable career. The five segments of the framework include:

1. Sense of Purpose – core values, motivation, self-awareness;
2. Financial Management – future planning, budgeting, savings, pension, life assurance;
3. Physical Health – exercise, nutrition, health, hydration, sleep;
4. Mental Well-being – mental health, mindfulness, self-confidence, growth mindset, stress management; and
5. Self-Connections – relationships, manager support, peer support and emotional intelligence.

2021

Last year we highlighted that we would focus on: training; and encourage managers to consider the use of impact measurement, for example Sustainable Development Goal targets, where relevant. Both areas have seen substantial improvement, with the proportion of managers providing ESG training in the last 12 months increasing by 12% to 58% and the proportion of managers looking to measure impact more than doubling from 27% to 58%. We will continue to track progress over the coming year, together with an increased focus on social issues and diversity.

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†	+22.7	+52.6	+98.2	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†	-14.2	+3.3	+57.4	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	2020 %	2019 %	2018 %	
Premium/(discount)†	(36.8)	(8.8)	(17.9)	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	2020	2019	2018	
Dividend per share	16.13p	15.33p	14.37p	
Yield†	5.2%	4.1%	4.5%	

Ongoing charges as at 31 December (as a percentage of shareholders funds)	2020 %	2019 %	2018 %	
Ongoing charges – excluding performance fees†	1.3	1.2	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†	2.2	1.9	2.1	

† Alternative performance measures defined on pages 73 and 74.

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. He has over 30 years of investment experience of which over a quarter of a century are in private equity. He has been head of Private Equity at BMO Global Asset Management since inception and oversees all the funds its manages. Hamish was a director of Martin Currie Investment Management between 1996 and 2005. His prior responsibilities at Martin Currie included small companies and Far Eastern equities. He was an investment analyst with Robert Fleming Asset Management between 1988 and 1990. Hamish is a graduate of Aberdeen University and Edinburgh University.

Richard Nairn is a director in the private equity funds team at BMO Investment Business Limited. He has 20 years of investment experience, including 15 years in private equity. He joined the private equity team in 2006. Richard was previously corporate finance manager at Intelli Corporate Finance between 2001 and 2006. He trained as a chartered accountant with PricewaterhouseCoopers. Richard is a graduate of Edinburgh University and spent a year at the Gothenburg Business School in Sweden.

Andrew Carnwath is a director in the private equity funds team at BMO Investment Business Limited. He has 13 years of investment experience in private equity. He is a former member of the private equity team (2008-2013) and re-joined the team in 2018. From 2013 to 2018 Andrew was a Principal at Scottish Equity Partners LLP, a UK based private equity firm, where his responsibilities included the co-management of an energy focussed secondary fund. He is a chartered accountant and CFA Charterholder. Andrew is a graduate of Edinburgh University.

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.

On 12 April 2021, BMO announced its intention to sell its EMEA Asset Management business to Ameriprise Financial, complementing its global asset management business, Columbia Threadneedle Investments. The sale is subject to regulatory consents and closing conditions.

Scott McEllen represents BMO Asset Management as Company Secretary and is responsible for the Company's statutory compliance. He joined BMO Asset Management in 2007.

Investment Manager's Review

Hamish Mair, Fund Manager

Introduction

2020 has been a truly remarkable year where the dominant influence has been the COVID-19 pandemic. The impacts are widespread, various and uneven and some of the specific effects on our portfolio are considered in more detail below. Having conducted a triaging review during the first few months of the pandemic we expected that the portfolio would come under pressure and that there would be some calls for capital to support a number of the investments both in the funds portfolio and in our co-investments. Some of these capital calls have occurred and the first three quarters of the year registered a decline in NAV. It is now clear that the portfolio has proved more resilient than first feared and so far the worst case scenarios have affected relatively few companies with a collectively mild impact on the overall valuation. The most recent year end valuation, which considers the year as a whole and the managers' present outlook, has shown a clear rebound in valuations. This reflects a much improved trading environment in the latter part of the year as well as a more accurate understanding of how the pandemic has affected the prospects and value of individual businesses. At the time of writing nearly all countries are in some form of second major lockdown and the pressures for most companies remain. There is encouraging progress with vaccination programmes, although at different rates internationally, and most companies are planning for a degree of normalisation taking place by the summer. Within this broad summary there are widely differing experiences across the portfolio with nearly every company being impacted to some degree. Some have adapted successfully mitigating the worst effects. Some have seen their business models and longer term prospects severely damaged and a fortunate minority have actually benefitted from the pandemic. Other businesses have been affected but their resilience under extreme pressure has been demonstrated and sometimes this has even led to revaluation.

Our portfolio is largely composed of private companies that are considered to be part of the lower mid-market. The average enterprise value of a company when we make an investment is around £42 million and the current average enterprise value is around £60 million. The acquisition price on entry for the current portfolio expressed as the ratio of enterprise value to earnings before interest, tax, depreciation and amortisation, or EBITDA, was 7.7x and the current valuation multiple is 9.9x. Whilst we do not expect multiple expansion when we invest it often happens as a business become larger and more profitable. Most of our portfolio are management buy-outs or buy-ins and these usually have a fairly highly geared structure. As the investments mature they tend to pay down debt and so not all of the current portfolio is highly geared. Indeed, the average company in the current portfolio has a debt to EBITDA ratio of 2.8x. This implies that just over a quarter of the value of the company is being funded by debt, which is quite moderate for growing businesses. All of these statistics illustrate that our portfolio is very squarely focused on the lower end of the mid-market where it is possible to acquire businesses at attractive prices leaving plenty of scope for growth in equity value. Whilst this growth is amplified by gearing the companies are by no means excessively indebted. Much of the resilience in the portfolio which has been demonstrated throughout this uniquely challenging year is grounded in sensible acquisition prices and manageable capital structures.

This year has seen the private equity market's appetite for new deals pivoting towards sectors which are seen as offering long term growth which has been little impacted or even enhanced by COVID-19. Specifically, information technology software and services accounts for 20.6% of our portfolio. This sector has generally been boosted by the working from home environment and the inability of people to travel. Similarly, healthcare has been of particular focus given its centrality to the pandemic and its role in management and recovery. Our portfolio has 12.8% in healthcare equipment and services and a further 6.8% in pharmaceuticals, biotechnology and life sciences. There are clearly other sectors which contain companies with secular growth characteristics, but these sectors have been in distinctly high demand and our portfolio should position us well to benefit over time.

Another trend which has been emphasised during 2020 has been the importance of sustainability and the need to consider environmental social and governance (ESG) characteristics and factors in investment management. BMO Global Asset Management has given a high priority to ESG for many years and for the last seven years has conducted an annual survey of its private equity managers to monitor and encourage consideration of ESG factors. Currently over 90% of the 100+ private equity managers we invest with have ESG policies. This is up from just over half seven years ago.

BMO Global Asset Management Private Equity routinely considers ESG factors as a compulsory part of its own investment process. As we and our investment partners have become more aware and conversant with ESG we have developed a better understanding of how it influences investment decision-making. Increasingly active consideration of ESG is regarded not just as a way of mitigating risk but also as a means of optimising returns. ESG considerations are considered by some enlightened managers to be a 'meta trend' which is increasingly driving consumer behaviour. Accordingly, ESG is playing as much a part in deal origination as it is due diligence. There are a few striking statistics from our latest survey which confirm its rising importance. 32% of the private equity managers surveyed declined an investment opportunity within the last year due to an identified ESG risk. 32% also see a positive correlation between being ESG aware and investment performance and a further 16% are unsure but think they see such a correlation. By contrast none of the respondents saw a negative correlation and only 19% saw no correlation. Lastly 58% of our private equity managers aim to measure the positive social and/or environmental impacts of their portfolio companies. This is up from just 27% in the previous year. Obviously, there is much more that could be done but there has clearly been a very encouraging change in the mindset of the private equity sector.

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New Investments

There were only two new investments made during the year both of them pre-pandemic. €6 million was committed to Avallon Buy-out Fund III, the second fund we have backed from this leading Polish mid-market investor. €5 million was committed to Montefiore V, a France based mid-market firm specialising in companies in the services sector whom we have also backed before. Given the considerable uncertainty which pertained throughout most of the year we have deliberately held back from making new commitments to funds or co-investments until very recently.

After the year end a fresh commitment of €5 million has been made to Agilitas 2020 Fund. This is the second time we have backed this dynamic European mid-market specialist in a buyout fund. We have also successfully co-invested with them twice, most recently through Recover Nordic. Our connection with the principals goes back two decades through Stirling Square Capital Partners and Candover. The fund has closed at its hard cap of €565 million. From here we are expecting to resume a series of modest new commitments to funds and to make a number of co-investments this year.

The funds in our portfolio have been active throughout the year with a further £6.7 million called for new investment in the final quarter. This brings the total for new investment in 2020 to £36.1 million. The new investments in the first three quarters have been reported in the quarterly and interim reports. During the final quarter the notable new investments and follow-on investments were diverse in sector and geography.

The largest individual new investment was £0.8 million called by Finnish fund Vaaka III for AINS Group, one of the largest construction and engineering consultants in Finland. UK growth equity specialist FPE called £0.7 million for two new investments; MaxContact (call centre software) and Togetherall (online mental health services). Lower mid-market fund Apiary called £0.5 million for additional investment in two of its holdings which have faced challenges. Roar B2B organises trade exhibitions and TAG (The Appointments Group) organises travel for the global live music and entertainment touring industry. Bencis V called £0.4 million, the majority of which was for Pe-Pe Parts (scooter and moped parts in the Netherlands). Life sciences specialist Archimed called a combined £0.6 million for Zytomax (cancer diagnostics) and Polyplus (transfective reagents for the gene therapy). Inflexion Buyout Fund V was active with £0.5 million invested in Aspen (pumps for air conditioning) and Orcorian (trust administration). Inflexion Partnership Capital II called £0.3 million of additional capital for Marston (judicial services). August Equity was also active with August Equity IV calling £0.6 million for follow-ons for Fosters (funeral directors), CODE (compliance software for dentists), Esland (high acuity residential care) and Amtivo (ISO compliance services). In August Equity V £0.3 million was invested in Air IT (cloud-based IT managed services for UK SMEs). MVM V invested £0.3 million in Paragon 28 (products for foot and ankle surgery). There were a few other smaller investments. The theme is clear. Follow-ons for companies deeply impacted by the pandemic and new investments in companies with business models which are either unaffected or boosted by the pandemic.

Realisations

The final quarter saw an uptick in realisations with distributions and associated income coming in at £16.8 million compared with just £6.1 million in Q3. The total of realisations for the year was £37.6 million which compares with £46.3 million in 2019. It is notable that even during the very quiet period in the middle of the year realisations did not dry up completely. The final quarter's total is broadly 'normal' implying an annual rate of over £60 million.

The main realisations earlier in the year have been covered in previous reports. In the final quarter the largest individual realisation of £5.8 million was of our co-investment in Schaetti, the Swiss based specialist chemicals company where Zurmont Madison are the deal leader. Schaetti is a global niche player in customised thermoplastic and thermo-fusible powders. This investment has had an, at times, bumpy ride but the exit to strategic buyer Arkema achieved 3.7x and an IRR of 20%, which is quite respectable, and an excellent outcome given some earlier challenges.

Procuritas VI, the Nordic fund exited Temporary Space Nordics (TSN) in a sale to Algeco Scotsman. TSN provides temporary accommodation for schools, offices and health centres. The distribution of £1.7 million represented 2.3x cost and an IRR of 73% for this 23 month hold. Also, in the Nordics Finnish fund Vaaka II distributed £1.5 million following the sale of Kokitaku, a provider of facilities maintenance services for residential housing companies. The company was sold to PHM Group, who are backed by Nordic private equity house Norvestor, achieving an excellent return of 7.3x cost and an IRR of 46%. Agilitas 2015 Fund distributed £1.1 million from the sale of Exemplar Healthcare, a provider of acute care for patients with complex physical and mental health needs within private nursing homes in the UK.

In France Astorg VI exited Surfaces Group, a manufacturer of abrasive tools, through a sale to US PE house TA Associates, returning £0.8 million (2.7x cost and an IRR of 40%). Horizon Capital 2013 Fund sold field services software company Totalmobile to Bowmark returning £0.7 million, 4.6x cost, and an IRR of 38%. Argan Capital made a distribution of £0.7 million following the sale of the last of its shares in listed healthcare company Humana AB. In the US Bluepoint III sold AWP Group, the largest traffic control service provider in the US, returning £0.6 million, 2.7x cost and an IRR of 20%. This was

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the second time BluePoint had sold the company with the first time being an 11.2x exit in 2015. There were several smaller distributions including one of £0.4 million from Piper VI following the sale of healthy recipe box provider Mindful Chef to Nestle. This represented 1.8x cost and an IRR of 37%.

Valuation Changes

For the year ended 31 December 2020 the uplift to valuation gave a NAV total return of 22.7%. This is in comparison to 10.6% for the year ended 31 December 2019. The first nine months of the year saw an overall decline in NAV, giving a total return of -2.7%. The recovery had started in Q3 and it has accelerated in the final quarter of the year with NAV total return rebounding by 26.1%.

There were many uplifts during the quarter which were offset only partially by a handful of downgrades. The uplifts in many cases reflected a more positive view on portfolio companies' prospects and hence value in the light of a marked 'bounce back' in economic activity from the middle of the year onwards. As can be seen below, whilst there were casualties of the pandemic, there are other companies which have demonstrated resilience and a limited number where it has been beneficial. Subject to the current lockdown unwinding gradually over the spring and summer there are many companies which are back on track to resume the progress which was interrupted a year ago.

The largest individual uplift was for our holding in the SEP led software company Dotmatics which is up by £28.2 million, reflecting the agreed sale price. This company which provides software to the scientific research and pharmaceutical sector has come through the pandemic successfully and it is involved in a sector where there is strong investor appetite. Accordingly, the lead manager SEP initiated a sales process towards the end of the year and this resulted in an agreed sale to US company Insightful Science. The exit which is expected to complete within the next few weeks will achieve a money multiple of 8.7x cost and an IRR of 83%. This is an exceptional exit by SEP whom we have backed continuously since inception.

Our co-investment in casual clothing company Weird Fish is up by £5.6 million reflecting a revaluation to just above cost. Having been hit badly initially the company has re-oriented its business very substantially towards its e-commerce offering and this has boosted profitability in 2020 substantially. Aberdeen based energy services company Coretrax has been uplifted by £4.6 million due to an increase in multiple and a positive run rate and outlook. Aliante III is up by £3.5 million reflecting the performance of its holdings which are consumer staple oriented. Our investment in Inflexion Strategic Partners is up by £3.4 million reflecting good progress since our investment at the end of 2019. Agilitas 2015 is up by £2.1 million due to robust trading of its portfolio companies. Our co-investment in Italian funeral homes company San Siro is up by £1.9 million as a result of strong trading and successful accretive acquisitions. South Eastern Europe large format pet retailer Pet Network is up by £1.7 million having traded well throughout the pandemic. Lastly our Silverfleet led co-investment in STAXS, the Belgium based cleanroom consumables company is up by £1.6 million reflecting exceptional trading during the pandemic when its cleaning and PPE products have been in high demand.

There have been a smaller number of downgrades. The largest downgrade was £1.3 million for drilling waste management solutions company TWMA which has seen a dip in profitability as a result of the timing of major contracts being delayed. Our co-investment in print managed services company DMC Canotec is down by £0.7 million having experienced a difficult period with most offices being empty for much of the year. Ambio, the active pharmaceutical ingredient company, is down by £0.6 million with the valuation at the latest funding round. Vaaka III is down by £0.5 million largely due to Framery the office pods company facing huge challenges. DBAG VII is down by £0.4 million due to pressure on its holdings.

Outlook

The Company has entered 2021 with a portfolio that has proved highly resilient during the pandemic even though nearly all of its companies have been challenged acutely. There remains a high level of investor appetite for private equity although the preferences for individual sectors has rotated considerably. The advantages derived from alignment of interest and the ability for investors to intervene constructively have been clearly demonstrated and this underpins support for the asset class. Our investment partners cover a wide range of companies and this ensures a naturally diverse portfolio. This unique period has illustrated the benefits of diversification and this combined with the calibre of our investment partners should sustain the growth of shareholder value into the future.

Hamish Mair
Investment Manager
BMO Investment Business Limited

16 April 2021

Portfolio Summary

Portfolio Distribution As at 31 December 2020	% of Total 2020	% of Total 2019
Buyout Funds – Pan European*	10.0	10.9
Buyout Funds – UK	18.3	18.6
Buyout Funds – Continental Europe†	19.3	19.6
Secondary Funds	0.3	0.5
Private Equity Funds – USA	3.3	4.4
Private Equity Funds – Global	0.7	1.0
Venture Capital Funds	3.5	2.5
Mezzanine Funds	–	0.2
Direct – Quoted	–	–
Direct – Investments/Co-investments	44.6	42.3
	100.0	100.0

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

Ten Largest Holdings As at 31 December 2020	Total Valuation £'000	% of Total Portfolio
Dotmatics	34,610	8.1
Sigma	13,427	3.1
Inflexion Strategic Partners	13,326	3.1
Coretrax	11,514	2.7
Ashtead	10,122	2.4
Aliante Equity 3	9,883	2.3
Ambio	9,672	2.3
August Equity Partners IV	9,193	2.2
Staxs Co-investment	9,032	2.1
TRG Pluto	8,805	2.1
	129,584	30.4

Top Ten Holdings

Dotmatics

Investment type: Direct investment
Region: UK
Percentage held: 6.4%
Valuation basis: Percentage of co-investment value

In November 2017, the Company committed £4m to an investment in Dotmatics, alongside UK growth technology investor Scottish Equity Partners. Dotmatics is a subscription software, or SaaS, company with a suite of informatics applications. This software is used by scientific researchers to record, manage, monitor, analyse and share experimental data within, or between, laboratories. The software is critical for managing the underlying data that forms the basis of the intellectual property of new compounds that researchers are hoping to develop. In March 2021 the company entered an agreement for its sale to US based company Insightful Science, which is expected to complete in Q2 2021. The valuation at 31 December 2020 reflects the agreed sale price.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	**4,055**	4,044
Value	**34,610**	5,875

Sigma

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

The Company has committed $7.8m to an investment in Sigma, 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 2020 £'000	31 December 2019 £'000
Residual cost	**6,436**	5,079
Value	**13,427**	9,943

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 2020 £'000	31 December 2019 £'000
Residual cost	**9,657**	10,020
Value	**13,326**	10,020

Coretrax

Investment type: Direct investment
Region: UK
Percentage held: 12.35%
Valuation basis: Percentage of co-investment value

The Company committed £8.2m to an investment in Coretrax, a provider of well integrity product and services crucial to the responsible and efficient end of life well operations in the North Sea, Middle East (Saudi Arabia and Abu Dhabi) and Malaysia. The investment is led by Buckthorn, an emerging UK based private equity manager established to invest on a deal by deal basis.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	**7,607**	7,552
Value	**11,514**	8,470

Ashtead

Investment type: Direct investment
Region: Global
Percentage held: 17.9%
Valuation basis: Percentage of co-investment value

The Company has committed £7.7m to an investment in Ashtead Technology, a global rental and service provider of advanced subsea tools and systems for the global offshore energy industry. Ashtead Technology's solutions are applicable across a broad range of markets, including the oil and gas and renewable energy sectors, and are used in the inspection, maintenance and repair of field assets. The investment is led by Buckthorn, an emerging UK based private equity manager established to invest on a deal by deal basis.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	**7,777**	7,676
Value	**10,122**	12,736

Top Ten Holdings

Aliante Equity 3

Investment type: Buyout fund
Region: Europe
Percentage held: 3.9%
Valuation basis: Percentage of fund value

Based in Milan, Aliante is an independent Italian private equity manager that focuses on lower mid-market investments predominately in the Italian food and beverage sector. It was founded in May 2006 by two Italian nationals, Paolo Righetto and Niccolo Fischer. The fund is unusually structured as an Italian corporate which has been investing since inception in late 2011. The Company committed €4m to this fund, which closed at €102.8 million at the end of March 2015.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	3,237	3,227
Value	9,883	6,427

Ambio Holdings

Investment type: Direct investment
Region: USA
Percentage held: 12.6%
Valuation basis: Percentage of co-investment value

In October 2014, the Company invested $6 million in Ambio Holdings, a new Delaware company established to hold 100% of the shares and assets of both AmbioPharm and Ambio which were merged as part of a deal constructed by MVM, a London/Boston based private equity manager which focuses on life science investments in Europe and the US. Ambiopharm is a profitable pharmaceutical contract manufacturing business, and Ambio is a drug development company focused on high-value complex generic pharmaceuticals.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	–	–
Value	9,672	5,927

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. The Company has committed to all three previous August Equity funds. AEP IV targets investments in four core sectors: healthcare, social care, educational services and technology enabled services in the UK.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	8,044	6,200
Value	9,193	7,331

Staxs Co-investment

Investment type: Direct investment
Region: The Netherlands
Percentage held: 12.9%
Valuation basis: Percentage of co-investment value

In March 2019, the Company committed £3.5m to an investment in STAXS, alongside European mid-market investor Silverfleet Capital. STAXS is a leading Benelux supplier of cleanroom consumable products, especially to the Pharma industry. As well as distributing third party products, it also sells its own products under the DOTCH brand.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	3,029	3,029
Value	9,032	4,240

TRG Pluto

Investment type: Direct investment
Region: Croatia
Percentage held: 10.4%
Valuation basis: Percentage of co-investment value

In April 2018, the Company committed €4.5m to an investment in Pet Network, alongside global emerging market investor The Rohatyn Group. Pet Network is a medium and large format retailer of pet supplies with a network of stores in major cities within Croatia, Serbia and Romania, making it the only pet retailer with a multi-country presence in the region. The company has also launched online stores in each of the aforementioned countries.

	31 December 2020 £'000	31 December 2019 £'000
Residual cost	3,879	3,815
Value	8,805	6,231

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Volpi Capital I	N. Europe	8,324	2.0
Astorg VI	Europe	6,090	1.4
Apposite Healthcare Fund II	Europe	5,715	1.3
Agilitas 2015 Private Equity Fund	N. Europe	5,224	1.2
TDR Capital II	N. Europe	4,858	1.2
Stirling Square Capital Partners II	Europe	4,856	1.1
TDR II Annex Fund	N. Europe	3,133	0.7
Archimed	Europe	2,518	0.6
Silverfleet European Development Fund	Europe	1,993	0.5
Total Buyout Funds – Pan European		**42,711**	**10.0**
Buyout Funds – UK			
Inflexion Strategic Partners	UK	13,325	3.1
August Equity Partners IV	UK	9,193	2.2
Inflexion Buyout Fund IV	UK	5,074	1.2
Inflexion 2010 Fund	UK	4,499	1.1
Horizon Capital Fund 2013	UK	4,125	1.0
FPE Fund II	UK	4,032	0.9
GCP Europe II	UK	3,733	0.9
Inflexion Enterprise Fund IV	UK	3,611	0.8
Piper Private Equity Fund VI	UK	3,367	0.8
Primary Capital IV	UK	3,364	0.8
Inflexion Supplemental Fund IV	UK	2,776	0.7
Inflexion Partnership Capital Fund I	UK	2,747	0.6
RJD Private Equity Fund III	UK	2,377	0.6
Inflexion 2012 Co-Investment Fund	UK	2,284	0.5
Dunedin Buyout Fund II	UK	2,271	0.5
Kester Capital II	UK	2,189	0.5
Inflexion Buyout Fund V	UK	2,182	0.5
Apiary Capital Partners I	UK	1,922	0.5
Inflexion Supplemental Fund V	UK	1,866	0.4
August Equity Partners III	UK	1,234	0.3
Piper Private Equity V	UK	872	0.2
Inflexion Partnership Capital Fund II	UK	570	0.1
August Equity Partners V	UK	298	0.1
Inflexion Enterprise Fund V	UK	124	–
Equity Harvest Fund	UK	75	–
Total Buyout Funds – UK		**78,110**	**18.3**
Buyout Funds – Continental Europe			
Aliante Equity 3	Italy	9,883	2.3
Bencis Buyout Fund V	Benelux	5,606	1.3
Procuritas Capital V	Nordic	5,172	1.2
Procuritas Capital IV	Nordic	4,651	1.1
Corpfin Capital Fund IV	Spain	4,347	1.0
Summa I	Nordic	4,223	1.0
Verdane Edda	Europe	3,671	0.9
Vaaka Partners Buyout Fund III	Nordic	3,427	0.8
Italian Portfolio	Italy	3,393	0.8
Montefiore IV	France	3,189	0.7
DBAG VII	DACH	3,040	0.7
NEM Imprese III	Italy	2,974	0.7
DBAG Fund VI	Germany	2,664	0.6
Summa II	Nordic	2,391	0.6
Procuritas Capital VI	Nordic	2,386	0.6
Capvis III	DACH	2,222	0.5
Ciclad 5	France	1,965	0.5
ARX CEE IV	Central & East Europe	1,922	0.5
Chequers Capital XVI	France	1,816	0.4
Avallon MBO Fund II	Eastern European	1,718	0.4
Chequers Capital XVII	France	1,639	0.4
Capvis IV	Europe	1,470	0.3
Vaaka Partners Buyout Fund II	Nordic	1,395	0.3
Avallon MBO Fund III	Eastern European	1,281	0.3
Corpfin Capital Fund V	Spain	1,122	0.3
Portobello Fund III	Spain	1,071	0.3
Ciclad 4	France	1,050	0.3
PineBridge New Europe II	Central & East Europe	880	0.2
DBAG Fund V	Germany	530	0.1
DBAG VIIB	DACH	471	0.1
Montefiore V	France	247	0.1
DBAG Fund VIII	DACH	99	–
N+1 Private Equity Fund II	Spain	67	–
Gilde Buyout Fund III	Benelux	65	–
Herkules Private Equity III	Nordic	9	–
DBAG Fund VIIIB	DACH	7	–
Total Buyout Funds – Continental Europe		**82,063**	**19.3**
Secondary Funds			
The Aurora Fund	Europe	1,416	0.3
Total Secondary Funds		**1,416**	**0.3**

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – USA			
Blue Point Capital IV	USA	3,174	0.7
Blue Point Capital III	USA	2,877	0.7
Graycliff Private Equity Partners III	USA	2,854	0.7
Camden Partners IV	USA	1,991	0.5
Stellex	USA	1,661	0.4
HealthpointCapital Partners III	USA	1,241	0.3
Blue Point Capital II	USA	201	–
Graycliff Private Equity Partners IV	USA	136	–
Total Private Equity Funds – USA		**14,135**	**3.3**
Private Equity Funds – Global			
PineBridge GEM II	Global	1,073	0.3
AIF Capital Asia III	Asia	1,011	0.2
F&C Climate Opportunity Partners	Global	640	0.1
Warburg Pincus IX	Global	241	0.1
PineBridge Lat Am II	Brazil	83	–
Warburg Pincus VIII	Global	–	–
Total Private Equity Funds – Global		**3,048**	**0.7**
Venture Capital Funds			
SEP V	Europe	7,871	1.8
Pentech Fund II	Europe	2,470	0.6
SEP IV	Europe	1,541	0.4
MVM V	USA	741	0.2
Life Sciences Partners III	Europe	684	0.2
Alta Berkeley VI	Europe	646	0.1
SEP II	Europe	368	0.1
SEP III	Europe	296	0.1
Environmental Technologies Fund	UK	185	–
Total Venture Capital Funds		**14,802**	**3.5**
Direct – Quoted			
Antero	USA	85	–
Laredo Petroleum	USA	8	–
Total Direct – Quoted		**93**	**–**
Direct – Investments/Co-investments			
Dotmatics	UK	34,610	8.1
Sigma	USA	13,427	3.1
Coretrax	UK	11,514	2.7
Ashtead	Global	10,122	2.4
Ambio	USA	9,672	2.3
Staxs Co-investment	Europe	9,032	2.1
TRG Pluto LP	Europe	8,805	2.1
Huws Gray	UK	8,560	2.0
San Siro	Europe	8,419	2.0
TWMA	UK	7,574	1.8
Weird Fish	UK	6,437	1.5
Avalon	UK	5,952	1.4
Accuvein	USA	5,528	1.3
Jollyes	Europe	5,004	1.2
Swanton	UK	4,532	1.1
Amethyst Radiotherapy	Europe	4,296	1.0
Calucem	Europe	4,220	1.0
DMC Canotec	Europe	4,058	1.0
RGI Group	Europe	4,008	0.9
CETA	UK	3,888	0.9
Tier1 CRM	USA	3,686	0.9
Collingwood Insurance Group	UK	3,247	0.8
Cyberhawk Co-investment	UK	3,054	0.7
Walkers	UK	2,798	0.6
Rosa Mexicano	Europe	2,488	0.6
Progressus II [Safran Co-Investment]	Nordic	1,845	0.4
Babington	UK	1,457	0.3
TDR Algeco/Scotsman	Europe	985	0.2
Meter Provida Limited (MPL)	UK	402	0.1
Stone Computers	UK	251	0.1
Total Direct – Investments/Co-investments		**189,871**	**44.6**
Total Portfolio		**426,249**	**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
Economic, macro and political External events such as global financial/political instability including terrorism, climate change, disease including pandemics, protectionism, inflation or deflation, economic shocks or recessions, the availability of credit and movements in interest rates could affect share prices and the valuation of investments. **Increase in overall risk in year**	Each regular meeting of the Board provides a forum to discuss with the Managers the general economic environment and to consider any impact upon the investment portfolio and objectives. The investment portfolio is diversified across end markets and regions.	With the onset of the COVID-19 pandemic additional meetings of the Board have been held at short notice to update the Board on investment and operational performance. Detailed stress testing, cashflow and valuation modelling has been undertaken by the Manager and presented to Directors at Board meetings.
Liquidity and 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. **Increase 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 a borrowing facility which will not expire until 30 June 2024. At 31 December 2020 the facility was composed of a €25 million term loan and a £75 million revolving credit facility.	Following the year end, the Company has worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This has been achieved through the introduction of State Street as another lender alongside RBSI. There are no changes to rates or covenants.
Regulatory Failure by the Company to meet or adhere to regulatory/legislative standards. Regulatory or taxation changes resulting in disincentives or market barriers limiting demand for the Company's shares. **No change in overall risk in year**	At each Board meeting the Company's legal counsel provides an update on regulatory and legislative developments. The Company employs BMO Asset Management as Company Secretary.	The Company Secretary and legal counsel have advised the Board about the regulatory and legislative requirements of holding an AGM during a period of travel and gathering restrictions.
Service Delivery Failure at the Manager Failure of the Manager's accounting systems or disruption to the Manager's business or business continuity failure could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholders' confidence. Loss of key personnel from the BMO Private Equity team. **No change in overall risk in year**	The Board receives an annual internal controls report from the Manager. Regular meetings between the Board and senior staff of the Manager. There is a six month notice period to the investment management agreement.	With the onset of the COVID-19 pandemic additional meetings of the Board have been held at short notice to update the Board on operational performance. The Manager has implemented homeworking arrangements with no impact upon service delivery. The Managers provided an update to the Board on the staffing of the BMO Private Equity team including the recruitment of new members.
Fraud and cyber risks Theft of Company and customer assets or data, including cyber risks. **No change in overall risk in year**	The Depositary oversees custody of investments and cash in accordance with the requirements of the AIFMD. The Manager has extensive internal controls in place. The Board receives a regular report on its effectiveness. The Board also receives an annual internal controls report from the Registrar.	The Depositary provided quarterly reports to the Board and attended an Audit Committee meeting. The Manager continues to strength and develop its Risk, Compliance and internal control functions and 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.
Poor long term investment performance relative to the peer group or other asset classes **No change in overall risk in year**	Investment policy and absolute and relative to peer group performance are reviewed at each meeting.	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 2020.
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, N+1 Singer and the provision of shareholder analyses.	Due to travel and gathering restrictions arising from the COVID-19 pandemic the Company's 2020 AGM was held with a minimum attendance to ensure a quorate meeting. To maintain Shareholder communication a Manager's presentation was provided on the Company's website and a specific email account created to receive Shareholder queries on the performance of the Company and the AGM resolutions. A strategy meeting of the Board was held in February 2020. In line with the sector the Company's discount widened as a result of the COVID-19 pandemic and as at the year end it was 37%. Following the release of the Company's Preliminary Results Announcement on 26 March 2021, as at 14 April 2021, the last practicable date before publication of the Annual Report and Accounts the discount had fallen to 18%.

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 five-year borrowing facility is composed of a €25 million term loan and a £95 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 COVID-19 pandemic, the Directors also considered detailed cashflow projections modelling various scenarios relating to the COVID-19 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 is 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 30. 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 26, and in note 16 of the accounts.

The principal risks identified as relevant to the viability assessment were those relating to 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 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 2026, 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 2026. 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

16 April 2021

Board of Directors

Mark Tennant †‡

Chairman

is Chairman of the Centrica Combined Common Investment Fund Limited and Chairman of Scottish Land and Estates. He is also a member of the Advisory Board of T Rowe Price Global Investor Services and 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.

Swantje Conrad *†‡

began her career in banking at J.P. Morgan in 1991 from where she retired as Managing Director in 2017. During this time Swantje gained extensive experience in corporate finance/M&A, global markets and investment management. She is a supervisory board member at RENK GmbH and previously served as Independent Director of Siemens Gamesa Renewable Energy S.A. and on various charitable boards. She was appointed to the Board in April 2017.

Elizabeth Kennedy *†‡

Chairman of the Audit Committee

has over 30 years' experience in corporate finance, principally in IPOs, secondary issues and takeovers. She is a director of Octopus AIM VCT 2 plc, Beatson Cancer Charity and a private technology company, a consultant with Davidson Chalmers Stewart, Solicitors and a member and past Chair of the AIM Advisory Group of the London Stock Exchange. She joined the Board in July 2007.

Audrey Baxter *†‡

has a distinguished career in business and public life. Audrey is currently Chairman and CEO of W. A. Baxter & Sons (Holdings) Ltd and has served previously on the boards of a number of public and private companies, charities and voluntary organisations. She was appointed to the Board in June 2020.

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 non-executive director of CVS Group plc, a member of the Strategic Board of Banco Finantia, an independent director of Alpha Real Capital's Board and Vice Chairman of Invescore Group. He was appointed to the Board in March 2017.

Tom Burnet *†‡

is Non-Executive Chairman of Inspired Thinking Group, Kainos plc, Aker Systems Limited and The Baillie Gifford US Growth Trust plc. Previously he served as CEO, Executive Chairman and as a Non-Executive Director of AIM company accesso Technology Group plc. He started his career as an Army Officer serving in the Black Watch (R.H.R.) and is a member of the Queen's Bodyguard in Scotland. He was appointed to the Board in June 2020.

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.

* 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 2020. 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 accounting standards in conformity with the requirements of the Companies Act 2006.

During the year, interim dividends of 3.87p per Ordinary Share were paid on 31 January 2020, 3.92p per Ordinary Share on 30 April 2020, 3.99p per Ordinary Share on 31 July 2020 and 3.99p per Ordinary Share on 30 October 2020.

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 28.

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. As part of this plan two new Directors, Audrey Baxter and Tom Burnet, were appointed to the Board in June 2020.

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 4 to 10.

Resolution 4 concerns the re-election of Mark Tennant. He has served on the Board for over 12 years, 10 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 5 concerns the re-election of Elizabeth Kennedy. She has served on the Board for over 13 years. She has over 30 years' experience in corporate finance, principally IPOs, secondary issues and takeovers.

Resolution 6 concerns the re-election of David Shaw. He has served on the Board for over 11 years. He was Chairman of Bridgepoint Capital, a leading European private equity firm.

Resolution 7 concerns the re-election of Swantje Conrad. She has served on the Board for 4 years. She has extensive experience in corporate finance/M&A, global markets and investment management.

Resolution 8 concerns the re-election of Richard Gray. He has served on the Board for 4 years. He has broad experience across equity research, sales and capital markets and corporate broking and finance.

Resolution 9 concerns the election of Audrey Baxter. She was appointed to the Board in June 2020 and has extensive experience operating a global food manufacturer.

Resolution 10 concerns the election of Tom Burnet. He was appointed to the Board in June 2020 and has broad experience of managing technology companies. He is also the chairman of another investment trust.

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

Substantial Interests in Share Capital

At 31 December 2020 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	8,077,773	10.9
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
Transact Nominees Limited	2,248,732	3.0

Since 31 December 2020, CCLA Investment Management Limited has notified that its holding is 7,327,043 shares.

BMO Retail Products owned 21,501,771 shares or 29.1 per cent of the issued share capital of the Company at 31 December 2020. 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.

Independent Auditor

Following the conclusion of a formal tender process led by the Company's Audit Committee, the Board has approved the proposed appointment of BDO LLP as Auditor for the financial year commencing 1 January 2021. BDO LLP has expressed its willingness to be appointed Auditor to the Company. The appointment is subject to Shareholder approval at the Annual General Meeting scheduled to be held on 27 May 2021 and resolutions concerning BDO LLP's appointment and remuneration will be submitted to the Annual General Meeting.

The Board extends its appreciation to Ernst and Young LLP for its services as Auditor since the inception of the Company in 1999. The Board also confirms that there are no matters in connection with Ernst and Young LLP ceasing to hold office as Auditor following the 2020 audit which need to be brought to the attention of Shareholders.

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 2020, the Company had outstanding undrawn commitments of £125.1 million. Of this amount, approximately £21 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.

As at 31 December 2020, the Company had a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of £75 million. Following the year end, the Company has worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This has been achieved through the introduction of State Street as another lender alongside RBSI. There are no changes to rates or covenants. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2020 the Company had fully drawn the term loan of €25 million and had drawn £49.7 million of the revolving credit facility, leaving £25.3 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 COVID-19 pandemic 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 COVID-19 pandemic will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of the COVID-19 pandemic 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 COVID-19 period. The Manager has 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 Manager has 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 lenders 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 the 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 27 May 2021 is set out on pages 66 to 70.

Dividend Policy

Resolution 3 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 13 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 14, 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 14, 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 Pre-Emption Group guidelines, and the Directors will not use the authority other than in accordance with the above guidelines.

The authorities contained in resolutions 13 and 14 will continue until the Annual General Meeting of the Company in 2022, and the Directors envisage seeking renewal of these authorities in 2022 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 15, 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

16 April 2021

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 2020 and the number of meetings attended by each Director.

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 any Director's concerns to be recorded in the minutes. The Board has the power to appoint or remove the Company Secretary.

Attendance at meetings held during year ended 31 December 2020	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mark Tennant	5	5	3	3	1	1	1	1
Elizabeth Kennedy	5	5	3	3	1	1	1	1
Audrey Baxter (appointed 4 June 2020)	2	2	–	–	–	–	–	–
Tom Burnet (appointed 4 June 2020)	2	2	–	–	–	–	–	–
Swantje Conrad	5	5	3	3	1	1	1	1
Richard Gray	5	5	3	3	1	1	1	1
David Shaw	5	5	3	3	1	1	1	1

In addition to the scheduled meetings detailed above there were a further 4 board meetings held during the year.

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 29 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 comprised all of the Directors. With effect from 1 January 2021, Mark Tennant was not a member of the Audit Committee. The Report of the Audit Committee is contained on pages 35 and 36.

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 40.

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 37.

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 2020.

By order of the Board

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

16 April 2021

Report of the Audit Committee

The members of the Audit Committee who served throughout the year ended 31 December 2020 were Elizabeth Kennedy, Swantje Conrad, Richard Gray, David Shaw and Mark Tennant. Audrey Baxter and Tom Burnet were appointed to the Audit Committee on 19 November 2020. With effect from 1 January 2021, Mark Tennant is not a member of the Audit Commitee. 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 three occasions during the year and the attendance of each of the members is set out on page 33. 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 2020. 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 42 to 48.

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.

Audit Tender

During the year the Company tendered its external audit. Invitations to tender were issued to five audit firms, resulting in comprehensive proposals of a very high standard being presented to the Audit Committee. In evaluating the firms, the primary areas of focus were audit quality with specific consideration given to the private equity experience of each proposed audit engagement team; insight into future developments likely to affect the Company; the level of fees; and independence.

Following a robust and transparent review process, where the audit firms were subjected to scrutiny and appropriate challenge, the Board unanimously decided to propose BDO LLP for appointment as Auditor and a resolution to this effect will be proposed at the Annual General Meeting.

In recognition of underlying audit rotation requirements, the Committee currently intends that a further tender process should be undertaken not later than 31 December 2030 to cover the financial years ending 31 December 2031 onwards.

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.

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 COVID-19 pandemic, the Audit Committee also considered detailed cashflow projections modelling various scenarios relating to the COVID-19 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 30. 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.

The process is based principally on the Manager's existing risk-based approach to internal control whereby a register 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 register 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 safekeeping 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

16 April 2021

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

Audrey Baxter and Tom Burnet were appointed to the Committee with effect from 19 November 2020. All other Directors of the Company served on the Committee throughout the year. The Committee is chaired by Mark Tennant. 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 Audrey Baxter and Tom Burnet were appointed to the Board on 4 June 2020. Their appointments followed a thorough selection process involving an external search company. 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 33. 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

16 April 2021

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 2020, 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 42 to 47.

Nomination Committee

The Nomination Committee is chaired by Mark Tennant. Audrey Baxter and Tom Burnet were appointed to the Nomination Committee on 19 November 2020. All other Directors served on the Nomination Committee throughout the year. 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. Fees are reviewed annually. Following this review the Board has decided that with effect from 1 January 2021, the annual remuneration of the Chairman is increased to £52,000, the Chair of the Audit Committee to £42,000 and Non-Executive Directors to £35,000.

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 £350,000 per annum and may not be changed without seeking Shareholder approval at a general meeting. 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, in normal circumstances, 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 27 May 2021 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:

	2021* **£**	2020# £
Mark Tennant (Chairman)	**52,000**	50,000
Swantje Conrad	**35,000**	33,000
Richard Gray	**35,000**	33,000
Elizabeth Kennedy	**42,000**	40,000
David Shaw	**35,000**	33,000
Audrey Baxter[1]	**35,000**	18,941
Tom Burnet[1]	**35,000**	18,941
Total	**269,000**	226,882

[1] Appointed to the Board 4 June 2020.

* Directors' remuneration for the year ending 31 December 2021 based on current fee levels. Directors are not eligible for any other payments.

Actual Directors' remuneration for the year ended 31 December 2020.

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.

Fees for services to the Company (audited)						
	Fees (audited)		Taxable Benefits [1] (audited)		Total (audited)	
Director	**2020 £**	2019 £	**2020 £**	2019 £	**2020 £**	2019 £
Mark Tennant (Chairman)	**50,000**	50,000	**853**	3,966	**50,853**	53,966
Audrey Baxter‡	**18,941**	–	**–**	–	**18,941**	–
Tom Burnet‡	**18,941**	–	**–**	–	**18,941**	–
Swantje Conrad	**33,000**	33,000	**30**	3,252	**33,030**	36,252
Richard Gray	**33,000**	33,000	**65**	3,193	**33,065**	36,193
Elizabeth Kennedy	**40,000**	40,000	**256**	497	**40,256**	40,497
Douglas Kinloch Anderson†	**–**	12,929	**–**	170	**–**	13,099
David Shaw	**33,000**	33,000	**–**	170	**33,000**	33,170
Total	**226,882**	201,929	**1,204**	11,248	**228,086**	213,177

‡ Appointed to the Board on 4 June 2020.

(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.

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:

	2020 £	2019 £	Change %
Aggregate Directors' Remuneration	**226,882**	201,929	12.4%
Management and other expenses*	**6,903,000**	5,510,000	25.3%
Dividends paid to Shareholders	**11,661,000**	10,921,000	6.8%

*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:

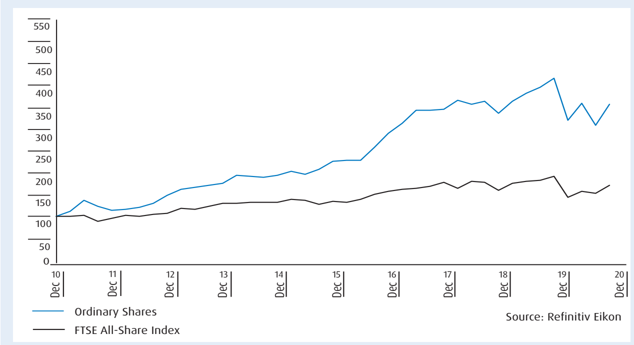
		31 December 2020 Ordinary Shares	31 December 2019 Ordinary Shares
Mark Tennant (Chairman)	Beneficial	**11,665**	11,665
Audrey Baxter	Beneficial	**10,000**	–
Tom Burnet	Beneficial	**15,000**	–
Swantje Conrad	Beneficial	**14,600**	12,439
Richard Gray	Beneficial	**10,000**	10,000
Elizabeth Kennedy	Beneficial	**30,000**	30,000
David Shaw	Beneficial	**10,000**	10,000

There have been no other changes in the Directors' interests in the shares of the Company between 31 December 2020 and 14 April 2021.

Company Performance

The graph below compares, for the ten financial years ended 31 December 2020, 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 20 May 2020, Shareholders approved the Report on Directors' Remuneration for the year ended 31 December 2019. 99.9 per cent of votes were in favour of the resolution and 0.1 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 20 May 2020, 97.0 per cent of votes were in favour and 3.0 per cent of votes against. A resolution to approve this policy will be an agenda item for the 2023 Annual General Meeting of the Company.

On behalf of the Board

Mark Tennant, Chairman
16 April 2021

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

Audrey Baxter and Tom Burnet were appointed by the Committee with effect from 19 November 2020. All other Directors of the Company served on this Committee throughout the year.

The Committee is Chaired by Mark Tennant.

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 2021 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 2021, 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.

On 12 April 2021, BMO announced its intention to sell its EMEA Asset Management business to Ameriprise Financial, complementing its global asset management business, Columbia Threadneedle Investments. The sale is subject to regulatory consents and closing conditions.

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

16 April 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 28 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

16 April 2021

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 2020 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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 going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the directors and the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the revenue forecast, for the period to 30 June 2022 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic, as applied to the cashflow forecast. We considered the appropriateness of the methods used to calculate the forecast and determined, through testing of the methodology and calculations, that the methods utilised were appropriate to be able to make an assessment for the Company.
- In relation to the Company's borrowing arrangements, we inspected the directors' assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants in the scenarios assessed by the directors and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- We considered the mitigating factors included in the cashflow forecasts and covenant calculations that are within control of the Company. This included a review of the Company's assessment of the liquidity of the investments held and evaluating the Company's ability to sell investments in order to repay borrowings or cover the working capital requirements of the Company should revenue or realisation decline significantly.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period assessed by the directors, being the period to 30 June 2022 which is at least 12 months from the date the financial statements were authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our Audit Approach

Key audit matters	• Risk of incorrect valuation and ownership of the investment portfolio and the resulting impact on the Statement of Comprehensive Income • Risk of incorrect calculation of the performance fee
Materiality	• Overall materiality of £3.59m which represents 1% of shareholders' funds (2019: £3.04m)

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 ownership of the investment portfolio and the resulting impact on the Statement of Comprehensive Income (per the Audit Committee report set out on page 35 and the accounting policy set out on page 54). The valuation of the investment portfolio at 31 December 2020 was £426.25m (2019: £348.64m) 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. The fair value of unlisted investments is reviewed by the Directors. Valuations are determined in accordance with the International Private Equity and Venture Capital Association ("IPEVCA") guidelines and IFRS. The valuation of the unlisted investments is the area requiring the most significant judgment and estimation in the preparation of the financial statements.	**We have performed the following procedures:** We obtained an understanding of the BMO Investment Business Limited's ('The Investment Manager') processes and controls surrounding investment valuation and ownership by performing our walkthrough procedures to understand the portfolio and evaluate the design and implementation of controls. *Private equity funds:* • We agreed the valuation as at 31 December 2020 of private equity funds to the statements received from the underlying general partner. • We reviewed and tested any cashflow adjustments made by management to the valuations provided by the underlying general partners. *Direct and Co-investments:* For a sample of unquoted investments held as at the year-end we utilised our specialist Valuations and Business Modelling team to review and challenge the valuations. The specialist: • Reviewed and assessed the valuation papers prepared by the Manager for the final quarter of the year and whether the valuations have been performed in line with the IPEVCA guidelines; • Assessed the appropriateness of the data inputs and challenged the assumptions used to support the valuations, such as market movement and comparative company information, that have an impact on the fair market value of the investments. *For all remaining Co-Investments:* • We obtained and assessed evidence for inputs into the valuation models (e.g. relevant earnings, portfolio company structure and relevant comparative multiples).	**The results of our procedures are:** The results of our procedures identified no material misstatement in relation to Incorrect valuation or ownership of unquoted investments and the resulting impact on the Income Statement.

Our Assessment of Risk of Material Misstatement (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Other Procedures performed on investments included: • For those investments held in foreign currencies, we tested that appropriate exchange rates have been applied. • We recalculated the unrealised gains/losses on all investments as at the year-end using the bookcost reconciliation. • 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. • We obtained confirmation of ownership from the underlying general partner/co-investment and agreed it to the Company's records to confirm the total committed capital and the amount drawn down at the year end.	
Risk of incorrect calculation of the performance fee (per the Audit Committee report set out on page 36 and the accounting policy set out on page 54). The performance fee amounted to £3.01m for the year ended 31 December 2020 (2019: £1.88m). 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') and incorrect data is used this could have a significant impact on both costs and overall performance.	**We performed the following procedures:** We obtained an understanding of the Investment Manager and BMO Asset Management ('the administrator') processes and controls surrounding the performance fee calculation. We recalculated the performance fee payable for the year ended 31 December 2020, with reference to the methodology prescribed in the IMA. We validated all inputs used in the calculation to our audited financial information, the IMA and to underlying audit evidence.	**The results of our procedures are:** The results of our procedures identified no material misstatement in relation to incorrect calculation of the performance fee.

In the prior year, our auditor's report included a key audit matter in relation to the risk that the going concern assumption was incorrectly applied. Going concern continued to be relevant to our audit of the Company and we considered this as part of our overall work on going concern which is set out under "Conclusions relating to going concern".

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 £3.59m (2019: £3.04m) 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 judgment was that performance materiality was 75% of our planning materiality, namely £2.69m (2019: £2.28m).

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 £0.18m (2019: £0.15m) 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 contained within the annual report.

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.

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 course of 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 themselves. 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.

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.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 30;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 27;
- Directors' statement on fair, balanced and understandable set out on page 32;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 36; and;
- The section describing the work of the audit committee set out on pages 35 and 36.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 41, 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. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are International Accounting Standards, 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 and incorrect calculation of the performance fee. 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 21 years, covering periods the years ending 31 December 2000 to 31 December 2020.
- Non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company during the period 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.

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
16 April 2021

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.

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Private and confidential
Members of the Audit Committee
BMO Private Equity Trust plc
6th Floor Quartermile 4
7a Nightingale Way
Edinburgh
EH3 9EG

16 April 2021

Dear Members of the Audit Committee

Re: BMO Private Equity Trust plc
Company Registered Number:
SC179412
In accordance with section 516 of the Companies Act 2006, we write to notify you that we are ceasing to hold office as auditor of BMO Private Equity Trust plc. This takes effect from 27 May 2021

In accordance with section 519(1) of that Act, we are ceasing to hold office following discussions with the client about establishing a fair economic return for the 2021 audit onwards. This led to a tender in which EY was unsuccessful. This resulted in another firm of auditors being appointed.

We are required to send a copy of this statement to the appropriate audit authority in accordance with section 522 of the Act and send a copy to the registrar in accordance with section 521 of the Act. We draw your attention to the fact that BMO Private Equity Trust plc has its own statutory obligations where an auditor has ceased to hold office as detailed, in particular, in sections 520 and 523 of the Act.

If you have any questions in respect of your legal obligations, we recommend that you seek independent legal advice.

Yours faithfully

Ernst & Young LLP
ICAEW Registration Number – C009126168

Statement of Comprehensive Income

Notes	For the year ended 31 December 2020	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
	Income						
9	Gains on investments held at fair value	–	74,076	74,076	–	30,687	30,687
	Exchange (losses)/gains	–	(2,705)	(2,705)	–	2,352	2,352
2	Investment income	4,988	–	4,988	3,788	–	3,788
2	Other income	8	–	8	63	–	63
	Total income	4,996	71,371	76,367	3,851	33,039	36,890
	Expenditure						
3	Investment management fee – basic fee	(294)	(2,650)	(2,944)	(279)	(2,509)	(2,788)
3	Investment management fee – performance fee	–	(3,007)	(3,007)	–	(1,878)	(1,878)
4	Other expenses	(952)	–	(952)	(844)	–	(844)
	Total expenditure	(1,246)	(5,657)	(6,903)	(1,123)	(4,387)	(5,510)
	Profit before finance costs and taxation	3,750	65,714	69,464	2,728	28,652	31,380
5	Finance costs	(260)	(2,337)	(2,597)	(181)	(1,632)	(1,813)
	Profit before taxation	3,490	63,377	66,867	2,547	27,020	29,567
6	Taxation	–	–	–	–	–	–
	Profit for year/total comprehensive income	3,490	63,377	66,867	2,547	27,020	29,567
8	**Return per Ordinary Share**	4.72p	85.71p	90.43p	3.45p	36.54p	39.99p

The total column of this financial statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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

Notes	As at 31 December 2020	2020 £'000	2019 £'000
	Non-current assets		
9	Investments at fair value through profit or loss	**426,249**	348,644
		426,249	348,644
	Current Assets		
11	Other receivables	**562**	26
12	Cash and cash equivalents	**8,344**	6,509
		8,906	6,535
	Current liabilities		
13	Other payables	**(4,492)**	(3,038)
14	Interest-bearing bank loan	**(49,666)**	(27,794)
		(54,158)	(30,832)
	Net current liabilities	**(45,252)**	(24,297)
	Total assets less current liabilities	**380,997**	324,347
	Non-current liabilities		
14	Interest-bearing bank loan	**(21,514)**	(20,070)
	Net assets	**359,483**	304,277
	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	**308,439**	253,233
	Shareholders' funds	**359,483**	304,277
8	**Net asset value per Ordinary Share**	**486.17p**	411.51p

The financial statements were approved and authorised for issue by the Board of Directors on 16 April 2021, 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 2020	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 2020								
	Net assets at 1 January 2020	739	2,527	15,040	31,403	1,335	253,233	–	304,277
	Profit for the year/total comprehensive income	–	–	–	–	–	63,377	3,490	66,867
7	Dividends paid	–	–	–	–	–	(8,171)	(3,490)	(11,661)
	Net assets at 31 December 2020	**739**	**2,527**	**15,040**	**31,403**	**1,335**	**308,439**	**–**	**359,483**
	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**

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

Statement of Cash Flows

Notes	For the year ended 31 December 2020	2020 £'000	2019 £'000
	Operating activities		
	Profit before taxation	66,867	29,567
	Adjustments for:		
9	(Gains)/losses on disposals of investments	(8,954)	21,695
9	Increase in holding gains	(65,122)	(52,382)
	Exchange differences	2,705	(2,352)
2	Interest income	(8)	(63)
	Interest received	8	63
2	Investment income	(4,988)	(3,788)
	Investment income received	4,988	3,788
5	Finance costs	2,597	1,813
	(Increase)/decrease in other receivables	(536)	116
	Increase/(decrease) in other payables	1,299	(1,058)
	Net cash outflow from operating activities	(1,144)	(2,601)
	Investing activities		
9	Purchases of investments	(36,117)	(65,105)
9	Sales of investments	32,588	42,390
	Net cash outflow from investing activities	(3,529)	(22,715)
	Financing activities		
14	Drawdown of bank loans	20,208	35,574
14	Repayment of bank loans	–	(11,459)
14	Arrangement costs of loan facility	–	(1,245)
	Interest paid	(2,194)	(1,744)
7	Equity dividends paid	(11,661)	(10,921)
	Net cash inflow from financing activities	6,353	10,205
	Net increase/(decrease) in cash and cash equivalents	1,680	(15,111)
	Currency gains	155	285
	Net increase/(decrease) in cash and cash equivalents	1,835	(14,826)
	Opening cash and cash equivalents	6,509	21,335
	Closing cash and cash equivalents	8,344	6,509

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 accounting standards in conformity with the requirements of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006, 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 30.

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 2020, the Company had outstanding undrawn commitments of £125.1 million. Of this amount, approximately £21 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. As at 31 December 2020 the Company had a committed borrowing facility comprising a term loan of €25 million and a revolving credit facility of £75 million. Following the year end the Company has worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This facility is due to expire on 19 June 2024 when its five-year term concludes.

At the 31 December 2020 the Company had fully drawn the term loan of €25 million and had drawn £49.7 million of the revolving credit facility. The 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 COVID-19 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 COVID-19 pandemic will be of sufficient magnitude to give rise to a covenant breach.

In addition to the possible effect of the COVID-19 pandemic 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 COVID-19 pandemic. The Managers have incorporated detailed responses from companies and investment managers in preparing the cashflow forecasts.

1 **Accounting policies (continued)**

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 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 lenders 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 the 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 the Statement of Comprehensive Income. Other income which includes deposit interest is recognised on an accruals basis.

(c) **Expenses**

Expenses are accounted for on an accruals basis.

In accordance with the Board's expected long-term split of returns in the form of capital gains and income, management fee and bank loan interest are allocated 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 the 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 the buy back of shares.

(iv) Capital Redemption Reserve – the nominal value of the Restricted Voting Shares bought back for cancellation was 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 from direct or indirectly observable current market data over the entire period of the instrument's life. Such inputs include observable current market transactions in the same instrument or based on a valuation technique which include observable inputs from active 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	**2020**	2019
Euro	**1.1172**	1.18020
US Dollar	**1.36695**	1.32475
Norwegian Krone	**11.70385**	11.64090
Swedish Krona	**11.22624**	12.40095
Swiss Franc	**1.2083**	1.28285

(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 2020 £'000	31 December 2019 £'000
Investment income	4,988	3,788
Other income		
Deposit interest	8	63
	4,996	3,851

3 Investment management fee

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Investment management fee – basic fee	294	2,650	2,944	279	2,509	2,788
Investment management fee – performance fee	–	3,007	3,007	–	1,878	1,878
Total	294	5,657	5,951	279	4,387	4,666

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 (2019: 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 2019 (the end of the last period in respect of which a performance fee was paid) must exceed the audited diluted net asset value of 411.51p per Ordinary Share as at 31 December 2019 (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 £152,000 (2019: £151,000), which is subject to increases in line with the Consumer Price Index.

4 Other expenses

	2020 £'000	2019 £'000
Auditor's remuneration for:		
– statutory audit of the financial statements	**96**	36
Directors' fees	**227**	202
Legal fees	**14**	7
Printing and postage	**31**	33
Registrars fees	**35**	30
Secretarial and administrative fee	**152**	151
Irrecoverable VAT	**107**	91
Other	**290**	294
	952	844

5 Finance costs

	Revenue £'000	**Capital £'000**	**2020 Total £'000**	Revenue £'000	Capital £'000	2019 Total £'000
Interest payable on bank loans	**260**	**2,337**	**2,597**	181	1,632	1,813

6 Taxation on ordinary activities

(a) Analysis of charge for the year

	Revenue £'000	**Capital £'000**	**2020 Total £'000**	Revenue £'000	Capital £'000	2019 Total £'000
UK corporation tax	**–**	**–**	**–**	–	–	–

(b) Reconciliation of taxation for the year
The taxation charge for the year is 19.00 per cent (2019: 19.00 per cent). The table below provides a reconciliation of the respective charges.

	Revenue £'000	**Capital £'000**	**2020 Total £'000**	Revenue £'000	Capital £'000	2019 Total £'000
Profit before tax	**3,490**	**63,377**	**66,867**	2,547	27,020	29,567
Corporation tax at standard rate of 19.00 per cent (2019: 19.00 per cent)	**663**	**12,042**	**12,705**	484	5,134	5,618
Effects of:						
Non taxable capital gains	**–**	**(13,561)**	**(13,561)**	–	(6,277)	(6,277)
Non taxable dividend income	**(199)**	**–**	**(199)**	(424)	–	(424)
Non-deductible charges	**–**	**–**	**–**	5	–	5
Unutilised expenses	**(464)**	**1,519**	**1,055**	(65)	1,143	1,078
	–	**–**	**–**	–	–	–

At 31 December 2020, there was an unrecognised deferred tax asset of £6,706,000 in respect of unutilised losses carried forward which has not been recognised as it is unlikely to be utilised in the foreseeable future (2019: £5,454,000).

7 Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to shareholders in the year:		
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
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	–
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 31 March 2020	2,950	–
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 30 June 2020	2,950	–
	11,661	10,921
Amounts relating to the year but not paid at the year end:		
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
Quarterly Ordinary Share dividend of 3.99p per share for the quarter ended 30 September 2020	2,950	–
Quarterly Ordinary Share dividend of 4.16p per share for the quarter ended 31 December 2020*	3,076	–
	6,026	5,761

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 14 April 2020.

Special dividends
There were no special dividends paid during the year ended 31 December 2020 and 31 December 2019.

8 Returns and net asset values

	2020	2019
The returns and net asset values per share are based on the following figures:		
Revenue return	£3,490,000	£2,547,000
Capital return	£63,377,000	£27,020,000
Net assets attributable to shareholders	£359,483,000	£304,277,000
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	2020 Total	Revenue	Capital	2019 Total
Return per Ordinary Share	4.72p	85.71p	90.43p	3.45p	36.54p	39.99p

	2020	2019
Net asset value per Ordinary Share	486.17p	411.51p

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 2020, the Company issued nil Ordinary Shares (31 December 2019: nil).

9 Investments

	Listed £'000	Unlisted £'000	2020 Total £'000	Listed £'000	Unlisted £'000	2019 Total £'000
Cost at beginning of year	**1,872**	**251,152**	**253,024**	2,316	249,688	252,004
Movements during the year:						
Purchases	**–**	**36,117**	**36,117**	–	65,105	65,105
Sales	**–**	**(32,588)**	**(32,588)**	(377)	(42,013)	(42,390)
Realised (losses)/gains	**(1,872)**	**10,826**	**8,954**	(67)	(21,628)	(21,695)
Cost at end of the year	**–**	**265,507**	**265,507**	1,872	251,152	253,024
Holding gains/(losses)	**93**	**160,649**	**160,742**	(1,802)	97,422	95,620
Valuation at end of year	**93**	**426,156**	**426,249**	70	348,574	348,644

	2020 £'000	2019 £'000
Realised (losses)/gains on investments sold	**8,954**	(21,695)
Increase/(decrease) in holding gains	**65,122**	52,382
Gains on investments	**74,076**	30,687

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 (2019: £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	2020 Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2019 Total £'000
Financial assets								
Investments	**93**	**–**	**426,156**	**426,249**	70	–	348,574	348,644
Financial liabilities								
Multi-currency revolving credit facility	**–**	**(49,666)**	**–**	**(49,666)**	–	(27,794)	–	(27,794)
Term loan	**–**	**(22,371)**	**–**	**(22,371)**	–	(21,181)	–	(21,181)

There were no transfers between levels in the fair value hierarchy in the year ended 31 December 2020 (2019: none).

Valuation techniques and processes

Listed equity investments

Quoted non-current 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 international accounting standards in conformity with the requirements of the Companies Act 2006. The fair value of the term loan, on a marked to market basis was £22,371,500 at 31 December 2020 (2019: £21,180,800). The fair value is derived from directly observable market data and 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 2020.

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 2020 was 10.0 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (2019: 9.2 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 2020		
Weighted average earnings multiple	**1x**	**59,874**
31 December 2019		
Weighted average earnings multiple	1x	53,627

*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:

	2020 £'000	2019 £'000
Balance at beginning of year	**348,574**	294,613
Purchases	**36,117**	65,105
Sales	**(32,588)**	(42,013)
(Losses)/gains on disposal	**10,826**	(21,628)
Holding gains/(losses)	**63,227**	52,497
Balance at end of year	**426,156**	348,574

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

11 Other receivables

	2020 £'000	2019 £'000
Investment debtors	**533**	–
Other debtors	**29**	26
	562	26

12 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at banks and on hand	**1,384**	506
Short-term deposits	**6,960**	6,003
	8,344	6,509

13 Current liabilities

Other payables	2020 £'000	2019 £'000
Interest accrued	**413**	259
Due to Manager	**3,862**	2,604
Accrued expenses	**217**	175
	4,492	3,038

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. At 31 December 2020, €25 million term loan was drawn down (31 December 2019: €25 million).

£49.7 million of the RCF was drawn down at 31 December 2020 (31 December 2019: £27.8 million). The amount of undrawn RCF at 31 December 2020 which is available for future operating activities and settling capital commitments is £25.3 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.

Following the year end the Company has worked with RBSI to increase the size of the revolving credit facility by £20 million to £95 million. This has been achieved through the introduction of State Street as another lender alongside RBSI. There were no changes to rates or covenants.

The borrowing facility will mature on 19 June 2024.

	£'000	£'000
Amounts payable after more than one year:		
€25 million term loan	**21,514**	20,070
Amounts payable in less than one year:		
Multi-currency revolving credit facility	**49,666**	27,794
Total interest-bearing bank loans	**71,180**	47,864

Analysis of movement in interest-bearing loans	31 December 2020 £'000	31 December 2019 £'000
Opening balance	**47,864**	26,821
Loans drawn in the year	**20,208**	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	**249**	239
Non-cash foreign currency movements	**2,859**	(2,066)
Closing balance	**71,180**	47,864

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 2020 £'000	31 December 2019 £'000
Equity share capital:		
Ordinary Shares of 1p each in issue	**739**	739

During the year ended 31 December 2020, the Company issued nil Ordinary Shares (2019: 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 21 to 25. 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 £85,249,800.

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:

	2020 £'000	2020 weighted average interest rate	2020 weighted average for which rate is fixed (years)	2019 £'000	2019 weighted average interest rate	2019 weighted average for which rate is fixed (years)
Cash and cash equivalents	**8,344**	**0.03%**	**–**	6,509	0.4%	–
Multi-currency revolving credit facility	**(49,666)**	**2.75%**	**0.2**	(27,794)	3.0%	0.2
Term loan	**(21,514)**	**1.96%**	**0.2**	(20,070)	2.1%	0.2

An increase of 25 basis points in interest rates as at 31 December 2020 would have increased loan interest payable, increased interest income receivable and decreased the total profit for the year by £159,248 (2019: increased loan interest payable, increased interest income receivable and decreased the total profit by £106,169). 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 2020 amounted to £125,058,000 (2019: £147,107,000). Of these outstanding commitments, at least £21 million (2019: £15 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 2020	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	**1,160**	**325**	**3,007**	**–**	**4,492**
Multi-currency revolving credit facility	**–**	**49,905**	**–**	**–**	**49,905**
Term bank loan	**–**	**94**	**348**	**22,428**	**22,870**
Total liabilities	**1,160**	**50,324**	**3,355**	**22,428**	**77,267**

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

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:

	2020 £'000	2019 £'000
Cash and cash equivalents	**8,344**	6,509
Interest and other receivables	**562**	26
	8,906	6,535

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 be drawdown in multiple currencies. There were no currency forwards open at the year end.

Foreign currency exposure at the year end is:

	2020 Investments £'000	2020 Cash £'000	2020 Borrowings £'000	2019 Investments £'000	2019 Cash £'000	2019 Borrowings £'000
US Dollar	52,178	564	–	46,205	1,727	–
Euro	151,917	817	(72,044)	126,139	96	(38,976)
Norwegian Krone	1,854	–	–	11,507	–	–
Swedish Krona	10,285	–	–	4,724	–	–
Swiss Franc	–	–	–	3,994	–	–
Total	216,234	1,381	(72,044)	192,569	1,823	(38,976)

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 2020, the capital gain would have increased for the year by £7.7 million (2019: positive £8.2 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 £6.9 million (2019: negative £7.4 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 38 and 39 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 2020 (2019: 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 Events

On 12 April 2021, BMO announced its intention to sell its EMEA Asset Management business to Ameriprise Financial, complementing its global asset management business, Columbia Threadneedle Investments. The sale is subject to regulatory consents and closing conditions.

This post balance sheet event does not adjust the financial statements.

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 2020 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum limit	200%	200%
Actual	119%	121%

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-second Annual General Meeting of BMO Private Equity Trust PLC (in this notice, the "Company") will be held on 27 May 2021 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 2020 be received and adopted.
2. That the Directors' Remuneration Report for the year ended 31 December 2020 be approved.
3. To approve the Company's dividend policy as set out on page 9 of the 2020 annual report.
4. That Mark Tennant, who retires annually, be re-elected as a Director.
5. That Elizabeth Kennedy, who retires annually, be re-elected as a Director.
6. That David Shaw, who retires annually, be re-elected as a Director.
7. That Swantje Conrad, who retires annually, be re-elected as a Director.
8. That Richard Gray, who retires annually, be re-elected as a Director.
9. That Audrey Baxter, be elected to the Board.
10. That Tom Burnet, be elected to the Board.
11. That BDO LLP be appointed as auditor.
12. That the Directors be authorised to determine the remuneration of the auditor.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 13 will be passed as an ordinary resolution and resolutions 14 and 15 will be passed as special resolutions.

13. 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 2021, 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 2022, 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 551 of the Act.

14. 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 13 and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Act, 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 2021, 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 2022, 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.

15. 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 as at 14 April 2021, being the latest practicable date before the publication of this notice);

    (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; and

    (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 2022, 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

16 April 2021

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. **2021 Annual General Meeting**

   Mindful of the potential for travel and gathering restrictions arising from the COVID-19 pandemic the Board has amended the format of this year's AGM. Due to the restrictions on gatherings and travel in place, **Shareholders will not be permitted to attend this year's AGM in person** but can be represented by the Chairman of the meeting acting as their proxy. The AGM will be held as a closed meeting with the minimum attendance required to form a quorum.

   To allow shareholder engagement, Shareholders can attend an online presentation by the Company's Chairman and Investment Manager, to be held at 12.00 noon on 27 May 2021, immediately prior to the formal business of the AGM. A special email account has been created and Shareholders are requested to direct any questions they may have about the resolutions proposed at the AGM or the performance of the Company, in advance of the meeting to this address: **privateequitytrustagm@bmogam.com**. The Board will endeavour to ensure that all such questions are fully addressed during the presentation or on the Company's website as described below.

   The Manager's presentation will also be available on the Company's website **www.bmoprivateequitytrust.com** as soon as possible after the presentation accompanied with a regularly updated Questions and Answers Schedule. Online access details for the presentation will be included on the Form of Proxy or Form of Direction.

   The formal AGM, including voting on the resolutions at the meeting will be held following the presentation as a closed meeting. Accordingly, and to ensure that their votes will count Shareholders are strongly encouraged to complete and submit their Form of Proxy or Form of Direction appointing the Chairman of the AGM as their proxy. Appointment of a proxy other than the Chairman of the meeting will result in a Shareholder's vote not being counted at the AGM as the person appointed as proxy will not be admitted to the formal meeting. The results of voting on the resolutions proposed at the AGM will be announced to the market as soon as possible following the close of the meeting.

   The Board acknowledges the evolving nature of the current gathering and travel restrictions and will seek to change the format of this year's AGM if they are able to do so in a safe and compliant manner. If the Board does take such a decision, Shareholders will be notified of any change of format by London Stock Exchange Announcement and on the Company's website.

3. **Entitlement to Vote**

3.1 Notice is given only to Ordinary Shareholders registered in the Company's register of members at close of business on 25 May 2021 (or, if the AGM is adjourned, at close of business on the day two business days prior to the adjourned meeting) in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after close of business on 25 May 2021 (or, if the AGM is adjourned, at close of business on the day two business days prior to the date of the adjourned meeting) shall be disregarded in determining the rights of any person to vote at the AGM.

If you have sold or otherwise transferred all your shares in the Company please forward this document, together with the Form of Proxy enclosed at once to the purchaser or transferee, or to the stockbroker, bank, or other agent, through whom the sale of transfer was effected, from transmission to the purchaser or transferee. If you have sold or otherwise transferred only a part of your holding of shares, you should retain these documents. Shareholders attention is drawn to the restrictions set out in Note 2 above.

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, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. 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 25 May 2021.

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, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, so as to be received by the Registrar by not later than 12 noon on 25 May 2021. 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 25 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. **Questions at AGM**

For the reasons set out on page 6, the AGM will be run as a closed meeting this year. However, members may submit questions to **privateequitytrustagm@bmogam.com** prior to the meeting and responses to such questions will be published on the Company's website.

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

At 14 April 2021, 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 2021 was 73,941,429.

14. **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, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL 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, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL 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 2021	Payment of final quarterly for 2020
27 May 2021	Annual General Meeting
May 2021	Announcement of quarterly results to 31 March 2021
July 2021	Payment of first interim dividend for 2021
August 2021	Announcement of interim results to 30 June 2021
October 2021	Payment of second interim dividend for 2021
November 2021	Announcement of quarterly results to 30 September 2021
January 2022	Payment of third interim dividend for 2021
March 2022	Announcement of annual results to 31 December 2021
April 2022	Payment of fourth interim dividend for 2021

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
2020	**486.17p**	**307.5p**	**36.8%**	**4.72p**	**16.13p**	**1.3%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 2020	31 December 2019
Net Asset Value per share (pence)	(a)	486.17	411.51
Ordinary share price per share (pence)	(b)	307.50	375.50
Discount (c = (b-a)/a)	(c)	36.8%	8.8%

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

		31 December 2020	31 December 2019
Dividend per share (pence)	(a)	16.13	15.33
Ordinary share price per share (pence)	(b)	307.5	375.50
Dividend yield (c=a/b)		5.2%	4.1%

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 2020 £'000	31 December 2019 £'000
Borrowings less cash	(a)	62,836	41,355
Total assets less current liabilities (excluding borrowings and cash)	(b)	422,319	345,632
Gearing (c = a/b)	(c)	14.9%	12.0%

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 2020	Year to 31 December 2019
Investment management fee – basic fee (£'000)	2,944	2,788
Other expenses (£'000)	952	844
Less non-recurring costs (£'000)	–	(25)
Ongoing charges (£'000):	3,896	3,607
Ongoing charges as a percentage of average net assets:	1.3%	1.2%
Ongoing charges (including performance fees) (£'000)	6,903	5,485
Ongoing charges (including performance fees) as a percentage of average net assets:	2.2%	1.9%
Average net assets (£'000)	307,068	289,507

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 2020	Year to 31 December 2019
NAV per share at start of year (pence)	**411.51**	386.29
NAV per share at end of year (pence)	**486.17**	411.51
Change in year	**+18.1%**	+6.5%
Impact of dividend reinvestments	**+4.6%**	+4.1%
Total NAV return for the year	**+22.7%**	+10.6%

	Year to 31 December 2020	Year to 31 December 2019
Share price per share at start of year (pence)	**375.50**	317.00
Share price per share at end of year (pence)	**307.50**	375.50
Change in year	**-18.1%**	+18.5%
Impact of dividend reinvestments	**+3.9%**	+5.1%
Total share price return for the year	**-14.2%**	+23.6%

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 (international accounting standards in conformity with the requirements of the Companies Act 2006). The Company's financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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, which is part of the BMO Global Asset Management Group. Further details are set out on page 30 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 2021 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 2021/22 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 £9,000 for the tax year 2021/22 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 £9,000 per birthday 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.

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0345 600 3030, 9.00am – 5.00pm, weekdays, 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, EQi, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, The Share Centre**

BMO

BMO Asset Management Limited

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. 737510_L56_04/21_UK

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Audrey Baxter
Tom Burnet
Swantje Conrad
Richard Gray
David Shaw

Company Secretary

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Alternative Investment Fund Manager ('AIFM') and Investment Manager

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Bankers

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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 2020

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