AUGMENTUM FINTECH PLC

ANNUAL REPORT FOR THE PERIOD FROM INCORPORATION ON 19 DECEMBER 2017 TO 31 MARCH 2019

ABOUT AUGMENTUM FINTECH PLC

Augmentum Fintech plc (the "Company") is the UK's only publicly listed investment company focusing on the fintech sector, having launched on the main market of the London Stock Exchange in 2018, giving businesses access to patient funding and support, unrestricted by conventional fund timelines.

We invest in early and later stage fast growing fintech businesses that are disrupting the banking, insurance, asset management and wider financial services sectors.

Portfolio management is undertaken by Augmentum Fintech Management Limited ("AFML"). AFML is a wholly owned subsidiary of the Company, together referred to as the "Group".

CONTENTS

From left to right: David Haysey, Chairman of the Management Engagement & Remuneration Committee and Valuations Committee, Tim Levene and Richard Matthews of Augmentum Fintech Management Limited, Karen Brade, Chairman of the Audit Committee and Neil England, Chairman of the Board and Nominations Committee.

CHAIRMAN'S STATEMENT

Financial Highlights (for the period from 19 December 2017 to 31 March 2019)	
NAV per Share Total Return*	10.7%
Total Shareholder Return*	9.4%
Ongoing Charges*	2.1%

* These are all considered to be Alternative Performance Measures. Please see the Glossary of Terms and Alternative Performance Measures on page 65.

I am pleased to present our first annual report since the launch of the Company and the listing of its shares on the London Stock Exchange on 13 March 2018. This report covers the period from incorporation on 19 December 2017 to 31 March 2019.

Investment Policy

Your Company is set up to invest in early stage (post-seed capital) European fintech businesses which have disruptive technologies and offer the prospect of high growth with scalable opportunities. All of this is consistent with our objective to provide long term capital growth to shareholders.

Performance

In the report (beginning on page 14) our Portfolio Manager describes how the funds raised at launch have been invested and the development of the portfolio over the first period. Our rate of capital deployment is as anticipated and we have substantially fully committed the net cash proceeds of the IPO. The Portfolio Manager has evaluated several hundred opportunities since IPO to identify those most likely to be successful and we have invested in nine of these to supplement the initial portfolio. Albeit at an early stage, the performance of the portfolio during this initial period has been pleasing, led by increases in the valuations of Zopa and interactive investor (ii).

As a result the NAV* per share of the Group has increased by 10.7% to 109.6p, from the opening NAV of 99.0p (calculated after the deduction of issue costs).

The Portfolio Review on pages 5 to 15 gives a comprehensive analysis of all the factors contributing to the Group's performance during the period.

Share Rating

The share price has remained stable despite some volatility in the UK market and at the date of this report is 110.0 pence per share, representing a premium of 0.4% to NAV. No shares have been bought back by the Company in the period under review.

Dividend

Your Company is focussed on providing capital growth, and given the compelling investment opportunities in the fintech sector, we have resolved not to pay a dividend this year and do not anticipate recommending to pay a dividend in the foreseeable future unless required to do so to maintain our investment trust status.

Potential Returns of Capital

No investment disposals have yet been made. The Company's policy remains that, in due course on capital realisation events, it intends to distribute up to 50% of net capital gains realised in each financial year by way of dividend or other distribution.

Share Capital and General Meeting

Your Company raised £94 million at its launch and there are 94,000,000 ordinary shares in issue, held by a diverse and growing range of shareholders and reflecting a market capitalisation of £102 million. Our ambition is for the Company to grow into a much more substantial fund over time which is expected to come from a combination of underlying NAV growth and the introduction of new capital when we believe this to be in the best interests of shareholders. We are actively considering options in this regard and have convened a General Meeting to be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Monday, 1 July 2019 at 9.00 a.m. to seek your authority to issue further shares. Further information on the Company's Capital Structure can be found on pages 45 and 46 together with details of the cancellation of the Company's share premium account on 12 February 2019.

Amendments to the Company's Investment Policy

Since 31 March 2019 the Board has made minor amendments to the Company's Investment Policy which are not considered material. The Investment Restriction relating to the value of no single investment (including related investments in Group entities or related parties) representing more than 15% of NAV, except that one investment in the portfolio may represent up to 20% of NAV, has been amended to disregard the effect of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment. This amendment together with other non-material changes have been made in order to provide greater flexibility in the management of the investment portfolio.

Governance

In addition to presenting our review of the Group's financial performance and the corporate and investment strategies, this annual report sets out the Group's governance structures and

CHAIRMAN'S STATEMENT continued

policies including our compliance with the principles of the Association of Investment Companies ("AIC") Code of Corporate Governance and the UK Corporate Governance Code.

Annual General Meeting

Your Board is keen to welcome all shareholders to the first Annual General Meeting of the Company. You will have the opportunity to hear the views of our Portfolio Manager and to ask any questions you may have for the Portfolio Manager or the Board. The meeting will be held at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL on Wednesday, 11 September 2019 at 9.30 a.m. Your Board look forward to meeting you there, however if shareholders are unable to attend but wish to discuss any matter with me or the Board please feel free to make contact through the Company Secretary.

The notice of Annual General Meeting is set out in a separate document. The directors consider that all the resolutions detailed in the formal notice are in the best interests of the Company and the shareholders taken as a whole and therefore unanimously recommend to shareholders that they vote in favour of each resolution, as the directors intend to do in respect of their own holdings. We have not included paper forms of proxy to accompany the Notice of Annual General Meeting. Shareholders can vote online by visiting www.signalshares.com and following instructions. Any shareholders who require a hard copy form of proxy may request one from the registrar, Link Asset Services. The instructions are set out in the Notice of Annual General Meeting.

People

The past year has been a busy one as we sought to deploy our cash resources post IPO while growing the team supporting Tim and Richard, the portfolio managers, to a total of nine people. This reflects the scale of the investment opportunity. I want to take this opportunity to thank our excellent portfolio management team for their commitment and sheer hard work in delivering what we set out to achieve.

Outlook

London has developed into a major global centre for fintech companies, a position built from its importance in established financial services and a supportive regulatory environment. Your Company has already participated in some exciting deals and our Portfolio Manager will continue to focus on selecting businesses with strong prospects in both the UK and Continental Europe. We have developed a significant pipeline of potential investment opportunities which is showing no sign of slowing.

Your Directors believe that carefully selected European fintech businesses offer the Company prospects for substantial long-term growth and value accretion and this, combined with industry leading expertise in our Portfolio Manager and advisory group, gives us confidence for the future. Your Company remains the only UK listed specialist investment fund that focuses solely on these opportunities.

Neil England
Chairman

10 June 2019

INVESTMENT OBJECTIVE AND POLICY

Investment objective

The Company's investment objective is to generate capital growth over the long term through investment in a focused portfolio of fast growing and/or high potential private financial services technology ("fintech") businesses based predominantly in the UK and wider Europe.

Investment policy

In order to achieve its investment objective, the Company invests in early (but not seed) or later stage investments in unquoted fintech businesses. The Company intends to realise value through exiting the investments over time.

The Company will seek exposure to early stage businesses which are high growth, with scalable opportunities, and have disruptive technologies in the banking, insurance and asset management sectors as well as those that provide services to underpin the financial sector and other cross-industry propositions.

Investments are expected to be mainly in the form of equity and equity-related instruments issued by portfolio companies, although investments may be made by way of convertible debt instruments. The Company intends to invest in unquoted companies and will ensure that the Company has suitable investor protection rights where appropriate. The Company may also invest in partnerships, limited liability partnerships and other legal forms of entity. The Company will not invest in publicly traded companies. However, portfolio companies may seek initial public offerings from time to time, in which case the Company may continue to hold such investments without restriction.

The Company may acquire investments directly or by way of holdings in special purpose vehicles or intermediate holding entities (such as the Partnership).

The Management Team has historically taken a board or board observer position on investee companies and, where in the best interests of the Company, will do so in relation to future investee companies.

The Company's portfolio is expected to be diversified across a number of geographical areas predominantly within the UK and wider Europe, and the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

The Management Team will actively manage the portfolio to maximise returns, including helping to scale the team, refining and driving key performance indicators, stimulating growth, and positively influencing future financing and exits.

Investment restrictions

The Company will invest and manage its assets with the object of spreading risk through the following investment restrictions:

- the value of no single investment (including related investments in group entities or related parties) will represent more than 15 per cent. of Net Asset Value, provided that one investment in the portfolio may represent up to 20 per cent. of Net Asset Value, and disregarding the effect of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment; and
- at least 80 per cent. of Net Asset Value will be invested in businesses which are headquartered in or have their main centre of business in the UK or wider Europe.

Each of the restrictions above will be calculated at the time of investment. The Company will not be required to dispose of any investment or to rebalance the portfolio as a result of a change in the respective valuations of its assets.

Hedging and derivatives

Save for investments made using equity-related instruments as described above, the Company will not employ derivatives of any kind for investment purposes. Derivatives may be used for currency hedging purposes.

Borrowing policy

The Company may, from time to time, use borrowings to manage its working capital requirements but shall not borrow for investment purposes. Borrowings will not exceed 10 per cent. of the Company's Net Asset Value, calculated at the time of borrowing.

Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds and tradeable debt securities.

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold or where it is held. The Board has agreed prudent cash management guidelines with the AIFM to ensure an appropriate risk/return profile is maintained. Cash and cash equivalents are held with approved counterparties, and in line with prudent cash management guidelines, agreed with the Board, AIFM and Portfolio Manager.

It is expected that the Company will hold between 10 and 20 per cent. of its Gross Assets in cash or cash equivalent investments, for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

Changes to the investment policy

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution. Non-material changes to the investment policy may be approved by the Board. In the event of a breach of the investment policy set out above and the investment and gearing restrictions set out therein, the Management Team shall inform the AIFM and the Board upon becoming aware of the same and if the AIFM and/or the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

PORTFOLIO REVIEW

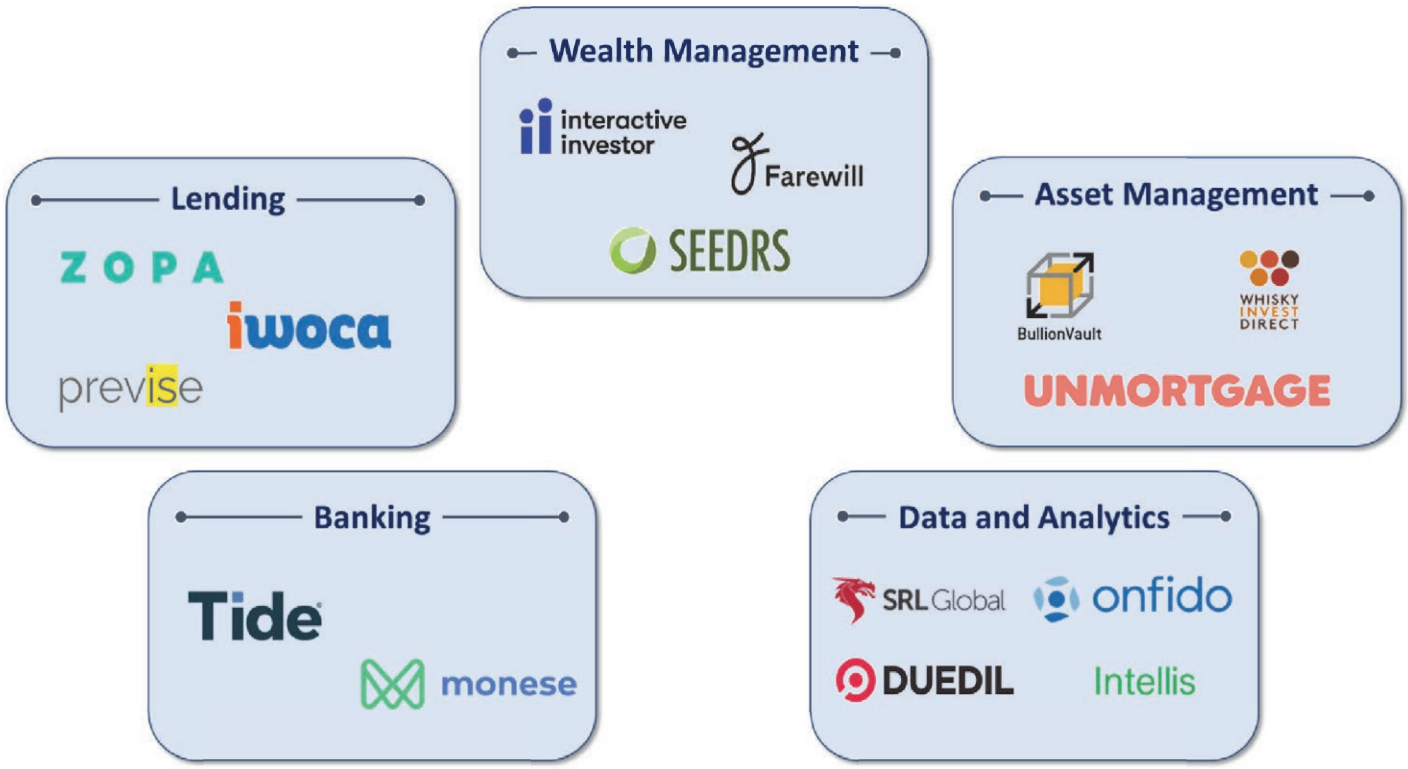
	Fair value of holding on acquisition on 13 March 2018^ £'000	Net investments/ (realisations) £'000	Investment return £'000	Fair value of holding at 31 March 2019 £'000	% of portfolio
Zopa	18,500	-	3,454	21,954	28.3%
Interactive Investor	2,950	176	6,934	10,060	13.0%
BullionVault*	8,424	(448)	(355)	7,621	9.8%
SRL Global	1,500	-	-	1,500	1.9%
Seedrs	1,900	-	-	1,900	2.4%
Other net assets	34	272	(61)	245	0.3%
Augmentum I LP – Total^	**33,308**	**-**	**9,972**	**43,280**	**55.7%**
Iwoca	-	7,500	-	7,500	9.7%
Monese	-	5,261	1,263	6,524	8.4%
Tide	-	4,000	975	4,975	6.4%
Farewill	-	4,000	-	4,000	5.2%
Onfido	-	3,972	-	3,972	5.1%
Unmortgage	-	2,500	-	2,500	3.2%
Duedil	-	1,988	-	1,988	2.6%
Previse	-	2,000	-	2,000	2.6%
Intellis	-	888	(27)	861	1.1%
Total Investments	**33,308**	**32,109**	**12,183**	**77,600**	**100.0%**

* includes WhiskyInvestDirect

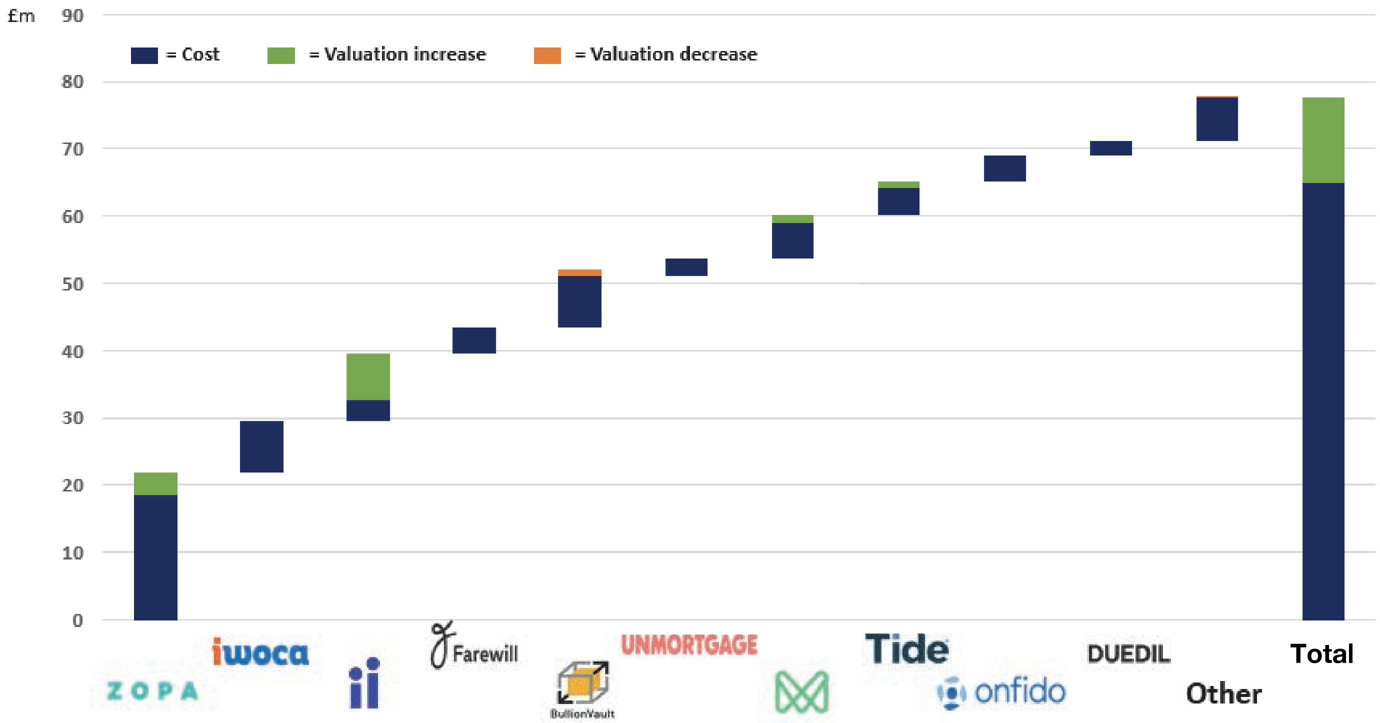
^ 100% of Augmentum I LP (the 'LP') was acquired on 13 March 2018 following the successful IPO of the Company. The LP and its portfolio of investments is referred to in this report as the Initial Portfolio. Further details on the acquisition of the LP are included in Note 11 on page 29. As set out in the Accounting Policies the LP is not consolidated within the financial statements but for the purpose of reporting to investors and Board the Company looks through to the underlying investments.

KEY INVESTMENTS BACKGROUND

Augmentum is building a diversified portfolio of high growth fintechs across the sector



Portfolio value movement period to 31 March 2019



KEY INVESTMENTS BACKGROUND continued

ZOPA

Zopa is the world's first and one of Europe's leading peer-to-peer consumer lending platforms. It directly matches people looking for a competitive rate loan with investors looking for a higher rate of return, offering great products and an award-winning customer experience.

Founded in 2004, Zopa has helped half a million customers take the stress out of money by building a business on fair value, transparency, and trust. To date, Zopa has lent more than £3.7 billion, and more than £1 billion in the last 12 months, to low risk UK borrowers. The company has been voted Moneywise's Trusted Loan Provider nine years in a row, awarded Moneyfact's Best Customer Service 2018 title and scooped MoneySuperMarket's Best Personal Loans Provider 2016.

Zopa is on the road to launching a next generation bank alongside its peer-to-peer business. At launch it will focus on credit cards, auto finance, deposits and open banking in addition to loans and P2P investments.

Source: Zopa	31 March 2019 £'000
Cost:	18,500
Value:	21,954
% ownership (fully diluted)	6.2%
Turnover[1]:	44,488
Pre tax profits[1]:	111
Net assets[1]:	14,199

1 As per last filed audited accounts of the investee company for the year to 31 December 2017.

iwoca

iwoca is fixing small business lending. Using award-winning technology they offer loans of up to £200,000 through their website or via the ecosystem through their innovative APIs*.

Since launching in 2012, iwoca has helped over 25,000 European businesses and raised £350 million in equity and debt finance from VCs and banks.

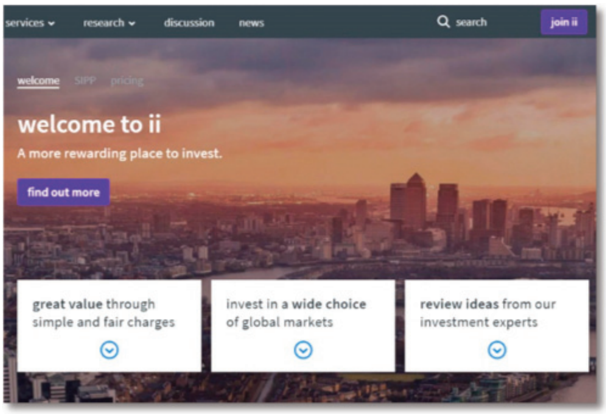
In January 2019 Augmentum led a £20 million Series D equity investment with £7.5 million. This was part of a broader equity and debt investment totalling £150 million, including participation from NIBC Bank and Prime Partners.

Source: iwoca	31 March 2019 £'000
Cost:	7,500
Value:	7,500
% ownership (fully diluted)	2.8%
Turnover[1]:	25,020
Pre tax losses[1]:	(3,020)
Net assets[1]:	22,462

1 As per last filed audited accounts of the investee company for the year to 31 December 2017.

* See Glossary of Terms on page 65.

KEY INVESTMENTS BACKGROUND continued



interactive investor

interactive investor (ii) is a flat-fee investment platform, offering a wealth of unbiased information, analysis, tools and expert ideas to help customers make better informed investment decisions. Its trading platform provides access to an extensive choice of markets, instruments and currencies within Trading, ISA and SIPP accounts.

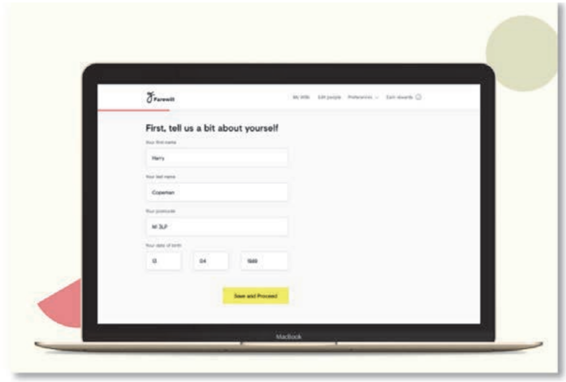
ii is 100% equity funded with no external debt, and with net assets of over £100 million.

Since 2013 the investment platforms market has almost doubled in size to £500 billion AUM, with an extra 2.2 million customer accounts opened in the same period. ii has approximately 10% of the UK direct to consumer investment platform market and is the second-largest player in this space.

In October 2018, ii agreed to acquire Alliance Trust Savings (ATS) subject to regulatory approval. The transaction brings together the two largest fixed price retail investment platforms. In an increasing technology and data-driven environment, the increased scale will support the sustained investment in technology and talent necessary to provide the best customer experience and service in the sector.

Source: ii	31 March 2019 £'000
Cost:	3,126
Value:	10,060
% ownership (fully diluted)	3.7%
Turnover[1]:	53,213
Pre tax profits[1]:	11,239
Net assets[1]:	95,386

1 As per last filed audited accounts of the investee company for the 18 months to 31 December 2017.



Farewill

Farewill is the UK's largest will writer, and aims to change the way the world deals with death. Launched by a small team of designers, engineers and lawyers in December of 2016, Farewill has rapidly grown to lead their market.

Offering stress-free legal services through live support, the team writes tens of thousands of wills per year and has recently launched their probate service – helping bereaved families deal with the estate administration process.

Over the next ten years, more than £1 trillion in assets will be passed between generations. Currently this is all done offline and face to face. Farewill aims to change this, and the complexity of the process that sits alongside it.

With early backing by the founders of Zoopla and Transferwise alongside seed funds Kindred Capital and SAATCHiNVEST, Farewill closed a £7.5 million funding round led by Augmentum in January 2019.

Source: Farewill	31 March 2019 £'000
Cost:	4,000
Value	4,000
% ownership (fully diluted)	13.6%
Turnover:	N/A^
Pre tax profits:	N/A^
Net assets:	N/A^

^ No audited accounts filed.

KEY INVESTMENTS BACKGROUND continued

tide

Tide's mission is to help SMEs save time (and money) in the running of their businesses.

The Tide platform not only offers business bank account and related banking services, but also a comprehensive set of highly usable administrative solutions, such as full integration with accounting systems. Using advanced technology, all solutions are designed with SMEs in mind. Tide is rapidly approaching a 1% market penetration and is estimated to have a share of around 10% of new business current accounts. Tide believes that truly serving SMEs well requires relentless focus on their needs.

Founded by George Bevis and launched in January 2017, Tide is now led by Oliver Prill. Early backers of Tide include LocalGlobe, Passion Capital, Anthemis and Creandum. Augmentum invested in August 2018.

Source: Tide	31 March 2019 £'000
Cost:	4,000
Value:	4,975
% ownership (fully diluted)	N/A*
Turnover:	N/A^
Pre tax profits:	N/A^
Net assets:	N/A^

* Investment in convertible loan note.

^ No audited accounts filed.

monese

Monese offers a smart and globally connected banking service for internationally mobile individuals, be they locals or foreign born. These are the hundreds of millions of people who live some part of their life in another country – whether it's for travel, work, business, study, family, or retirement.

With its mobile-only dual UK and Euro IBAN current account, its portability across 20 countries, and both the app and its customer service available in 11 languages, Monese already allows people and businesses to bank like a local across the UK and Europe. Founded by Norris Koppel, after his first-hand experience of the hassle involved with opening a bank account in a new country, Monese launched in late 2015. Now, with more than 600,000 sign-ups, 75% of incoming funds being from salary payments, and a 9.2/10 TrustPilot score, Monese has become one of the most popular and trusted banking services in the UK and Europe. Customers are now moving over £2 billion annually through their Monese accounts.

Augmentum participated in the company's recent £45 million funding round alongside Kinnevik, Paypal and International Airlines Group.

Source: Monese	31 March 2019 £'000
Cost:	5,261
Value:	6,524
% ownership (fully diluted)	5.4%
Turnover[1]:	1,662
Pre tax losses[1]:	(7,261)
Net assets[1]:	385

1 As per last audited accounts of the investee company for the year to 31 December 2017.

KEY INVESTMENTS BACKGROUND continued

BullionVault

Founded by Paul Tustain in 2005, BullionVault has enabled more than 70,000 private investors across 183 countries to benefit from the low dealing costs, deep liquidity and ultra-high security of the wholesale bullion market. BullionVault users – 89% of whom live in North America or Western Europe – today own $1.5 billion worth of gold bullion between them, more than is held by most of the world's central banks, plus a further $350 million in physical silver and $17 million of physical platinum. In 2008, BullionVault became a full member of professional trade body the London Bullion Market Association (LBMA).

In 2011, it was one of only four businesses to feature on both The Sunday Times' Fast Track and Top Track league tables of private companies by growth and by size. Winner of a 2009 Queen's Award for Enterprise Innovation, BullionVault received a second award in 2013, this time for International Trade after growing overseas sales by 140% in four years.

Alongside Augmentum, BullionVault's investors include The World Gold Council and Piton Capital.

Source: BullionVault	**31 March 2019 £'000**
Cost:	8,424
Value:	7,621
% ownership (fully diluted)	11.0%
Dividends paid[1]:	448
Turnover[2]:	6,668
Pre tax profits[2]:	3,129
Net assets[2]:	33,569

1 In the period from 13 March 2018 to 31 March 2019.

2 As per last filed audited accounts of the investee company for the year to 31 October 2018.

WHISKY INVEST DIRECT

WhiskyInvestDirect, a subsidiary of Bullion Vault, is the online market for buying and selling Scotch whisky as it matures in barrel – a compelling new asset class showing better than 7% annual appreciation after storage costs and inflation over the last decade. Accounting for 25% of UK food and drink exports by value, sales of Scotch whisky overseas equal 35 bottles per second. WhiskyInvestDirect supports this centuries-old business by providing cash-flow to distillers, and by introducing for the first time an electronic exchange where brand-owners can then source a range of high-quality single malts and grain whiskies.

Funded with a £2 million cash investment from BullionVault and co-founded by CEO Rupert Patrick – a 25-year drinks industry veteran - WhiskyInvestDirect launched in September 2015. A convertible preference share issue made available to the general public raised an additional £1.5 million from 60 angel investors. Employing BullionVault's proven trading and custody technology, WhiskyInvestDirect now cares for more than 6 million Litres of Pure Alcohol (the industry's standard wholesale unit) for its users, who each own £8,000 worth of maturing spirit on average. Worth over £20 million at current wholesale prices, that's enough spirit to make almost 17 million bottles of Scotch once mature. WhiskyInvestDirect wholly owns James Eadie Limited, a bottler of a selection of aged single malts now distributed in 10 export markets and has revived James Eadie's original Trade Mark 'X' blended Scotch, first registered in 1877.

Value included within the BullionVault valuation.

Source: BullionVault

KEY INVESTMENTS BACKGROUND continued

UNMORTGAGE

Unmortgage was founded in 2016 by Ray Rafiq-Omar, Josef Wasinski and Nigel Purves.

In the last ten years the number of families in rented accommodation in the UK has increased from 3 million to 5.5 million. By renting many of these families are in fact paying off someone else's mortgage when they would prefer to be paying off their own, yet the public policy response has failed to address this growing problem.

Unmortgage, with significant backing from the government and institutional investors, has found a market solution to this issue by replacing mortgage debt with institutional equity finance. At the heart of the Unmortgage proposition is the principle that if someone can afford to rent, they should be able to buy.

Source: Unmortgage	**31 March 2019 £'000**
Cost:	2,500
Value:	2,500
% ownership (fully diluted)	7.8%
Turnover:	N/A^
Pre tax profits:	N/A^
Net assets:	N/A^

^ No audited accounts filed.

KEY INVESTMENTS BACKGROUND continued

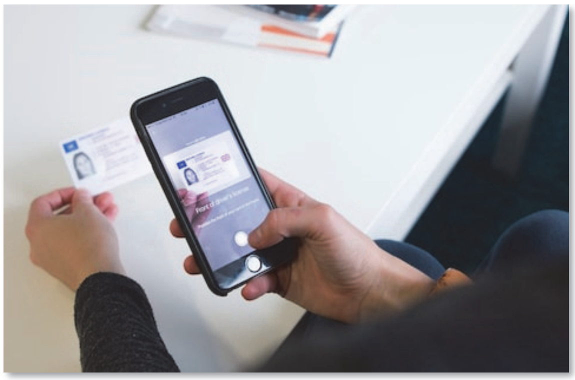
DueDil

DueDil is a predictive company intelligence platform building the world's most complete source of information on companies and the people behind them. It uses proprietary matching technology to link billions of company data points from authoritative sources, providing unique insight through its Business Information Graph. DueDil's powerful API and web platform provide its clients with the data and tools to target, assess and on-board SMEs at scale.

In the last three years, DueDil has expanded its client base to more than 400 clients across the Financial Services, Fintech, and Technology sectors, including notable brands such as Santander, Transferwise and Growth Street. The company has grown 80%+ year-on-year for three years in a row as it adds to the depth and breadth of its offering. Alongside Augmentum, major investors include Notion Capital and Oak Investment Partners.

Source: DueDil	**31 March 2019 £'000**
Cost:	1,988
Value:	1,988
% ownership (fully diluted)	14.0%
Turnover:	N/A^
Pre tax profits:	N/A^
Net assets:	N/A^

^ No filed audited accounts.



onfido

Onfido is building the new identity standard for the internet. Its AI-based technology assesses whether a user's government-issued ID is genuine or fraudulent, and then compares it against their facial biometrics. Using computer vision and a number of other AI technologies, Onfido can verify against 4,500 different types of identity documents across 195 countries, using techniques like "facial liveness" to see patterns invisible to the human eye.

With a 342% year-over-year sales growth, Onfido has attracted over 1,500 customers worldwide – including industry leaders such as Drivy, DraftKings, Europcar Mobility Group, Indiegogo, Revolut, Remitly, and Zipcar. These customers are choosing Onfido over others because of its ability to scale, speed in on-boarding new customers, preventing fraud, and its advanced biometric technology.

Onfido was founded in 2012 and has offices in London, San Francisco, New York, Lisbon, Paris, New Delhi and Singapore.

Augmentum Fintech participated in the company's recent $50 million round alongside SBI, Salesforce Ventures, M12 (formerly Microsoft Ventures) and FinVC.

Source: Onfido	**31 March 2019 £'000**
Cost:	3,972
Value:	3,972
% ownership (fully diluted)	1.5%*
Turnover[1]:	7,927
Pre tax losses[1]:	(8,827)
Net assets[1]:	15,460

1 As per last filed audited accounts of the investee company for the year to 31 December 2017.

* £2.0m of the investment is in a convertible loan note.

KEY INVESTMENTS BACKGROUND continued

previse

Previse is an AI powered platform that gives corporate buyers the tools and incentives to pay all of their suppliers instantly on receipt of invoice. They have one of the few truly innovative products in B2B commerce, a $127 trillion market.

Previse's smart tech, analyses the data of a large company to predict the very few invoices that are unlikely to get paid, so that they can pay the rest instantly. The 1% fee paid by suppliers who opt for instant payment is shared between the buyer, the funder and Previse.

Previse was founded in late 2016 by a team of senior industry specialists. It has signed up eight multinational clients, including in the US, UK and Australia.

Augmentum led the Series A issue in August 2018, investing £2 million as part of a £5.3 million round. Other investors include Bessemer Venture Partners, Hambro Perks and Founders Factory.

Source: Previse

SEEDRS

Seedrs is a leading European marketplace for private equity investment. It operates an online platform which provides investors of all shapes and sizes (including retail, intermediary and institutional) a transparent, straightforward and cost-efficient way to invest in the equity of private companies; at the same time offering growing private companies (from seed-stage to pre-IPO) access to a broad base of investors who can provide patient capital together with community engagement.

To date Seedrs has seen over £450 million invested on its platform and has funded over 700 deals, including many high-profile ventures like Revolut, Perkbox, Tossed, and Wealthify (since sold to Aviva). Seedrs was named one of the 50 fastest growing tech companies in the UK in 2017 by Deloitte, and the most active funder of UK private companies in 2016 and 2017 by Beauhurst.

Alongside Augmentum Fintech, Seedrs' investors include Woodford Investment Management, Faber Ventures and over 2,500 of Seedrs' own users.

Source: Seedrs

SRL Global

Founded in 2007, SRL Global serve the interests of the most prominent and distinguished families and their private investment offices around the world, providing clarity, control and certainty around a family's wealth.

By working as an extension to their investment office, SRL's unique combination of enterprise data management, portfolio reporting technology and world-class operations support offer a critical and comprehensive financial decision-making tool to transform the way families and their private offices view and manage wealth.

Source: SRL Global

Intellis

Intellis is an automated forex trading platform governed by AI.

Augmentum led a Series A issue with €1 million with an option of committing another €1 million after 12 weeks of trading.

Source: Intellis

PORTFOLIO MANAGER'S REVIEW

Overview

Since our last update in September we have continued to deal with a healthy pipeline and a busy period of new portfolio additions. In our first year we have seen well over 675 opportunities and have invested in nine of them.

The strength of our deal flow reflects the scale of the opportunity, the need for innovation and disruption in financial services, the vibrancy of the UK and wider European fintech scene and the quality of the network and origination skills of the management team and advisory board that we have assembled. The opportunity before us is unprecedented and we truly believe that Augmentum is optimally positioned to take advantage of that.

We were delighted to host many of our institutional investors at our Capital Markets Day in March. We found the presentations given by our founders and CEOs to be inspirational and we hope those that were able to attend did so too. In every case these founders are backed by talented, highly motivated teams who are focused on executing on the opportunity they see before them.

Our strategy remains to back some of Europe's most exciting early and growth stage fintech businesses that are disrupting and enhancing the traditional financial services industry. We believe the seed stage largely presents a degree of risk beyond our level of comfort and is currently well catered for by the business angels, incubators, seed funds and crowdfunding sectors. Typically, the earliest we look to get involved is at the first or second institutional rounds once the business has gone beyond the "proof of concept" stage. We will also invest at later stages if we believe there is still significant upside potential to be unlocked.

We are also not afraid to be contrarian and will look for value in fintechs that have not fulfilled their early promise and perhaps lofty valuations. These companies can require fresh capital, restructuring and impetus to build on a solid base that has sometimes taken longer to mature than early investors anticipated. Your portfolio includes businesses fitting this profile and we expect more of these opportunities in the coming years.

As I said in my last report, every investment we have made, whether primary, secondary or within the initial portfolio, all demonstrate many of the same characteristics: Strong long-term unit economics, compelling path to profitability, a market leading position in respective markets with high potential for growth and led by extraordinary management teams. These are the hygiene factors with which we triage all our investments.

The Initial Portfolio

Our initial portfolio has seen positive activity in the last 12 months, leading to revaluations of our holdings in Zopa and interactive investor (ii).

As we disclosed in our last report, **Zopa** closed a £60 million funding round in 2018, and subsequently acquired its banking licence with restrictions in December. It is currently gearing up for the removal of those restrictions and the full bank launch later in 2019. It is a long journey to build a bank in the right way, as it should be, and the team have embraced the challenge with rigour and a passion that makes us optimistic for the future.

During the period there was a small amount of secondary stock available to us in **interactive investor** ("**ii**"). We bought as much as were able to buy at a 50% increase on our initial holding value. The business has successfully integrated the acquisition of TD Direct and also announced the intention to acquire Alliance Trust Savings which will take its total assets under administration to ~£35 billion and make it the clear No.2 in the direct to customer market. ii also sold Internaxx for £25 million (a non-core Luxembourg asset), a transaction that completed earlier this year.

The adjustment in valuations for Zopa, interactive investor and BullionVault mean that the NAV of our initial portfolio has increased by an annualised IRR of 28% since IPO*.

New Investments

In addition to the five new investments disclosed in the September report, we made an additional four new investments in the period, each of which represent incredibly compelling opportunities for growth. The total new investments for the full 12 months are therefore brought to nine as follows:

Tide is bringing SME banking into the 21st century by removing many of the pain points SME customers experience with the banking providers, not least the account opening process which is shortened from weeks to just minutes.

Since our investment the company has benefited from a £60 million grant through its partnership with Clearbank as a result of the RBS Alternatives Remedies Package. The grant will be used to challenge the oligopoly that currently dominates this marketplace by providing SMEs in the UK with the option of a dedicated and focused banking partner that will help them grow their businesses.

Duedil provides access to information on businesses that helps both prospecting and on-boarding. In fintech terms, the business is more mature, but we believe it has now found its product market fit and is poised to grow strongly over the coming years. It was recently acknowledged at the British Banking Awards as the UK Regtech Vendor of the year.

Previse is tackling the politically charged issue of getting suppliers paid faster for their goods and services. We invested in Previse alongside Bessemer Venture Partners, the pioneers of Venture Capital in the US.

Unmortgage is tackling the dual problem of people in the UK being unable to afford to buy homes and of finding a way for pension funds to effectively access the residential property market.

PORTFOLIO MANAGER'S REVIEW continued

Monese provides banking services typically to those who work abroad and need a local bank account but who find it difficult to meet the usual account opening requirements such as residential history. They have found good traction across Europe and we invested in a heavily competitive funding round alongside Kinnevik, Paypal and IAG (Avios).

Farewill is bringing the will and probate sector into the 21st century. It has already made significant inroads into the UK market and has a fresh and dynamic team that is all too rare in the sector. With an unprecedented transfer of wealth from one generation to the next ahead of us, Farewill is well placed to capitalise on the opportunity.

Iwoca helps SMEs fund their working capital requirements with an innovative alternative to overdraft financing. By increasing automation and reducing the cost of distribution it is able to profitably serve SMEs, a sector which has seen a systemic contraction in available capital from traditional channels since the credit crisis.

Onfido is helping companies globally validate who their customers are with its best in class, AI driven, KYC technology. Using advanced machine learning technology, Onfido validates a user's identity document and compares it with their facial biometrics. The identity can then be cross-referenced against international credit and watchlist databases.

Intellis is an automated forex trading platform governed by AI.

During the last 12 months we have deployed a total of £32.1 million into new investments with a further £8 million earmarked against short term pipeline opportunities and £15 million for short term follow-on portfolio investments. Our ability to deploy at pace whilst upholding our investment quality parameters, and with a lean team plays heavily to the network and brand that we have already built in the space and which delivers favourable opportunities to us first.

Outlook

2018 was a record year for fintech investment with nearly $40 billion invested in the sector globally across 2,300 deals, a 2.5x increase over 2017. The UK remains dominant in Europe, receiving $1.7bn across nearly 300 VC deals – third only to China and the US globally, and more than the rest of Europe put together. Significant rounds, particularly amongst challenger banks, alternative lenders and insurtech all point to a growing maturity of the market.

These dynamics serve to validate the Augmentum Fintech thesis. Put simply, fintech broaches some of the world's largest markets, frequently served only by large legacy incumbents whose ability to react to the changing dynamics of modern society and shifting consumer patterns, leave vast untapped opportunities open to nimble new entrants. At the heart of all this, UK and London in particular has carved a central role in the formation of distinct ecosystems that support and help to promote further innovation. We are close to some of the most exciting opportunities in venture capital, and this has been reflected in our deal flow. Nevertheless, the incumbents remain dominant in terms of market share, the big six UK banks still held 87% market share in 2017. This highlights the scale of the opportunity still ahead for the emerging sector.

Brexit itself perhaps brings additional opportunity to young and dynamic fintech businesses that are better placed to respond to the challenges of the changing political landscape. We are conscious of the emerging opportunities in Europe – three of the five largest VC deals in Europe last year were outside the UK – and are building our networks and our pipeline accordingly.

As the UK's only listed investment company focusing solely on fintech, Augmentum is a unique proposition for European fintech entrepreneurs. The permanent capital structure accommodates a wider variety of investment circumstances allowing a true value-focused partnership with the companies in which we choose to invest. This is particularly true in an environment where companies are typically remaining private for longer prior to IPO.

We will continue to leverage the operating heritage of the investment team to deliver real value, strategic advice and the operating perspective of our partners. This is a true point of differentiation and a key factor in why some of the most exciting fintechs have chosen us over other potential investors to date.

As part of a more general theme in venture capital, both valuations and round sizes continue to increase in fintech as opportunities become larger and the competition to access them increases. We will continue to seek to gain advantaged access to deal flow through our extensive network and advisory team.

The exit markets for fintech businesses are also continuing to show proof points of our strategy. Transferwise recently announced a secondary sale of $292 million of shares at a $3.5 billion valuation which provided an excellent return for many of their early investors. Along with high profile trade sales such as iZettle, or listings such as Adyen that we mentioned in our September report, growth private equity in the sector is also on the increase. Private companies are staying private for longer, and the availability of growth capital beyond the public markets continues to grow at a significant rate. In the UK, growth private equity into fintech in 2018 stood at $1.6 billion across nearly 40 deals, a 1.6x increase on 2017 and an order of magnitude increase on five years prior. One of the only ways for public market investors to access these businesses at an early stage are through funds such as Augmentum.

It is early in our evolution, but we continue to be delighted with the make-up of the portfolio so far. Our focus on the lending, digital banking and asset management space has seen us gain excellent exposure in these sub sectors, and we expect to add to those areas over time. We have since added to these sectors with regtech* investments and are building strong hypotheses around the larger insurtech* space. In addition to the investments already completed, we have several other investment opportunities that are in due diligence, and we anticipate further announcements in the coming months.

Tim Levene
CEO
Augmentum Fintech Management Limited

10 June 2019

* See Glossary of Terms on page 65.

STRATEGIC REPORT

Business Review

The Strategic Report, set out on pages 16 to 20, provides a review of the Company's business, the performance during the period from incorporation on 19 December 2017 to 31 March 2019, and its strategy going forward. It also considers the principal risks and uncertainties facing the Company.

The Strategic Report has been prepared solely to provide information to shareholders to assess how the Directors have performed their duty to promote the success of the Company.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Strategy in the period from incorporation on 19 December 2017 to 31 March 2019 and Strategic Review

Throughout the period under review, the Company continued to operate as an approved investment trust, following its investment objectives and policy which is to generate capital growth over the long term through investment in a focused portfolio of fast growing and/or high potential private financial services technology "fintech" businesses based predominantly in the UK and wider Europe.

During the period, the Board, Frostrow Capital LLP, the Alternative Investment Fund Manager ("AIFM") and the Portfolio Manager undertook all strategic and administrative activities.

The Board

Details of the Board of Directors of the Company are set out on page 43. All Directors will seek election by shareholders at the Company's First Annual General Meeting to be held on Wednesday, 11 September 2019.

Principal Risks and Risk Management

The Board considers that the risks detailed below are the principal risks currently facing the Company. These are the risks that could affect the ability of the Company to deliver its strategy.

The Board can confirm that the principal risks of the Company, including those which would threaten its future performance, solvency or liquidity, have been robustly assessed throughout the period from incorporation on 19 December 2017 to 31 March 2019, and that processes are in place to continue this assessment. Further details of the risk management processes that are in place can be found in the Directors' Report.

Macroeconomic Risks

The performance of the Group's investment portfolio is materially influenced by economic and regulatory conditions. These may affect demand for services supplied by investee companies, foreign exchange rates, input costs, interest rates, debt and equity capital markets and the number of active trade and financial buyers. All of these factors could be influenced by the outcomes of the Brexit negotiations, and all have an impact on the Group's ability to realise a return from its investment portfolio and cannot be directly controlled by the Group.

Strategy Implementation Risks

The Group is subject to the risk that its long-term strategy and its level of performance fail to meet the expectations of its shareholders. A robust and sustainable corporate governance structure has been implemented with the Board responsible for continued delivery for shareholders. Experienced fintech portfolio managers have been retained in order to deliver the strategy.

Investment Risks

The performance of the Group's portfolio is influenced by a number of factors. These include, but are not limited to: (i) the quality of the initial investment decision; (ii) reliance on co-investment parties; (iii) the quality of the management team of each underlying portfolio company and the ability of that team to successfully implement its business strategy; (iv) the success of the Portfolio Manager in building an effective working relationship with each team in order to agree and implement value-creation strategies; (v) changes in the market or competitive environment in which each portfolio company operates; and (vi) the macroeconomic risks described above. Any one of these factors could have an impact on the valuation of an investment and on the Group's ability to realise the investment in a profitable and timely manner.

The Portfolio Manager has put in place a rigorous investment process which ensures disciplined investment selection and portfolio management. This includes detailed due diligence, regular portfolio reviews and in many cases an active engagement with portfolio companies, by way of Board representation.

Portfolio Diversification Risk

The Group is subject to the risk that its portfolio may not be diversified, being heavily concentrated in the fintech sector, and on the UK economy where the investments are located.

The Company is expected to invest its assets in early-stage companies which, by their nature, may be smaller capitalisation companies. Such companies may not have the financial strength, diversity and resources of larger and more established companies and may find it more difficult to operate, especially in periods of low economic growth.

The Group attempts to mitigate this risk by making investments in a range of companies and fintech subsectors in accordance with the Investment Objective and Investment Policy but given the nature of the Company's Investment Objective this remains a significant risk.

Cash Risk

Returns to the Company through holding cash and cash equivalents are currently low. The Company may hold significant cash balances, particularly where a fundraising has taken place, this may have a drag on the Company's performance.

STRATEGIC REPORT continued

Credit Risk

As noted the Company may hold significant cash balances. There is a risk that the banks with which the cash is deposited fail and the Company could be adversely affected through either delay in accessing the cash deposits or the loss of the cash deposit. To mitigate this risk the Board has agreed prudent cash management guidelines with the AIFM and Portfolio Manager. These set limits on the maximum exposure to any one counterparty and require all counterparties to have a high credit rating and financial strength. Compliance with these guidelines is monitored regularly and reported to the Board on a quarterly basis. When evaluating counterparties there can be no assurance that the review will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating the creditworthiness of the counterparty.

Valuation Risk

The valuation of investments in accordance with IFRS 13 and IPEV Valuation Guidelines requires considerable judgement and is explained in Note 19.4.

The Group mitigates this risk by having a rigorous valuation policy and process as set out Note 19.4. This process involves benchmarking valuations against actual prices received when a sale is made, as well as taking account of liquidity issues and/or any restrictions over investments.

The Company's investments may be illiquid and a sale may require consent of other interested parties. Such investments may therefore be difficult to value and realise. Such realisations may involve significant time and cost and/or result in realisations at levels below the value of such investments estimated by the Company.

Operational Risk

The Board is reliant on the systems of the Group's and Company's service providers and as such disruption to, or a failure of, those systems could lead to a failure to comply with law and regulations leading to reputational damage and/or financial loss to the Group and/or Company.

To manage these risks the Board:

- receives a quarterly compliance report from Frostrow and the Portfolio Manager, which includes, inter alia, details of compliance with applicable laws and regulations;
- reviews internal control reports, where available, key policies, including measures taken to combat cyber-security issues, and also the disaster recovery procedures of its service providers;
- maintains a risk matrix with details of risks the Group and Company are exposed to, the controls relied on to manage those risks and the frequency of the controls operation; and
- receives updates on pending changes to the regulatory and legal environment and progress towards the Group and the Company's compliance with these.

Key person risk

There is a risk that the individuals responsible for advising on the Group's portfolio may leave their employment or may be prevented from undertaking their duties.

The Board manage this risk by:

- receiving reports from the Portfolio Manager at each Board meeting, such report includes any significant changes in the make-up of the team supporting the Company; and
- delegating to the Management Engagement & Remuneration Committee, responsibility to perform an annual review of the service received from the Portfolio Manager, including, inter alia, the team supporting the lead managers and succession planning.

Performance and Prospects

Performance

A number of Key Performance Indicators ("KPIs") (also refered to as Alternative Performance Measures) are considered by the Board in assessing the Company's success in achieving its objectives. These KPIs are:

- **The Net Asset Value ("NAV") per share total return**

  This is expressed as a percentage and is calculated by dividing the closing NAV, adjusting for dividends paid in the period, if any, by the opening NAV.

  The Group's Net Asset Value per share total return for the period was 10.7%.

- **The Total Shareholder Return ("TSR")**

  This is expressed as a percentage and is calculated by dividing the closing share price, adjusting for dividends paid in the period, if any, by the opening share price.

  The Group's TSR for the period was 9.4%.

- **Ongoing Charges Ratio ("OCR")**

  The Board is cognisant of costs and reviews the level of expenses at each Board meeting. It works hard to maintain a sensible balance between strong service and keeping costs down.

  The Group's OCR for the period was 2.1%.

A more detailed explanation of the APM's can be found on page 65 of the Glossary and Alternative Performance Measures, along with reconciliations when required to the relevant IFRS figures.

Due to the unique nature and investment policy of the Company, with no direct listed competitors or comparable indicies, the Board consider that there is no relevant comparison against which to assess the KPIs and as such performance against the KPIs is considered on an absolute basis.

Prospects

The Company's current position and prospects are described in the Chairman's Statement and Portfolio Review sections of this Annual Report and Financial Statements.

STRATEGIC REPORT continued

Management Arrangements

Principal Servicer Providers

The Company is structured as an internally managed closed-ended investment company. The portfolio manager, Augmentum Fintech Management Limited ("Portfolio Manager") (a wholly owned subsidiary of the Company) is the operating subsidiary of the Company that manages the investment portfolio of the Company, as a delegate of the AIFM.

The other principal service providers to the Company are Frostrow Capital LLP ("Frostrow" or the "AIFM") and IQ EQ Depositary Company (UK) Limited (the "Depositary"). Details of their key responsibilities and their contractual arrangement with the Company follows.

Alternative Investment Fund Manager ("AIFM")

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to Augmentum Fintech Management Limited;
- promotion of the Company;
- investment portfolio administration and valuation;
- risk management services;
- share price discount and premium management;
- administrative and company secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- review of the Company's website;
- preparation and publication of annual and half year reports; and
- ensuring compliance with applicable legal and regulatory requirements.

Fees

Under the terms of the AIFM Agreement Frostrow was entitled to an annual fee of:

- on NAV up to £150 million: 0.225% per annum;
- on that part of NAV in excess of £150 million and up to £500 million: 0.2% per annum; and
- on that part or NAV in excess of £500 million: 0.175% per annum, calculated on the last working day of each month and payable monthly in arrears.

The AIFM Agreement may be terminated by either party on giving notice of not less than 12 months.

Portfolio Manager

Under the AIFM Agreement Augmentum Fintech Management Limited, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the "Portfolio Management Agreement").

Under the terms of its Portfolio Management Agreement, Augmentum Fintech Management Limited provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

Fees

Under the terms of the Portfolio Management Agreement Augmentum Fintech Management Limited (the "Portfolio Manager") will receive an annual fee of 1.5% of the Net Asset Value per annum, falling to 1.0% of any Net Asset Value in excess of £250 million.

The Portfolio Manager is entitled to a carried interest fee in respect of the performance of any investments and follow-on investments made from Admission*. Each carried interest fee will operate in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period save that the first carried interest fee shall be in respect of investments acquired using 80% of the net proceeds of the Issue* (including the Initial Portfolio), and related follow-on investments.

Subject to certain exceptions, the Portfolio Manager will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period. The Portfolio Manager's return is subject to a "catch-up" provision in its favour. The carried interest fee will be paid in cash as soon as practicable after the end of each relevant period, save that at the discretion of the Board payments of the carried interest fee may be made in circumstances where the relevant basket of investments has been realised in part, subject to claw-back arrangements in the event that payments have been made in excess of the Portfolio Manager's entitlement to any carried interest fees as calculated following the relevant period.

The Portfolio Management Agreement may be terminated by either party giving notice of not less than 12 months.

AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of Frostrow as AIFM and Augmentum Fintech Manager Limited as Portfolio Manager is regularly monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

Following a review at a Management Engagement & Remuneration Committee meeting in March 2019 the Board believes that the continuing appointment of the AIFM and the Portfolio Manager,

* See Glossary of Terms on page 65.

STRATEGIC REPORT continued

under the terms described within this Strategic Report, is in the best interests of the Company's shareholders. In coming to this decision it took into consideration the following additional reasons:

- the quality and depth of experience of the management, company secretarial, administrative and marketing team that the AIFM brought to the management of the Company; and
- the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio, the clarity and rigour of the investment process.

Depositary

The Company has appointed IQ EQ Depositary (UK) Limited (formerly Augentius Depositary Company Limited) as its Depositary in accordance with the AIFMD on the terms and subject to the conditions of an agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement"). The Depositary provides the following services, inter alia, under its agreement with the Company:

- verification of non-custodial investments;
- cash monitoring;
- processing of transactions; and
- foreign exchange services.

The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, the AIFMD and the Company's Articles of Association.

Under the terms of the Depositary Agreement, the Depositary is entitled to receive an annual fee of £25,000 plus certain event driven fees.

The notice period on the Depositary Agreement is not less than six months.

Viability Statement

The Directors have carefully assessed the Company's current position and prospects as well as the Principal Risks stated on pages 16 and 17 and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five financial years.

The particular factors the Directors have considered in assessing the prospects of the Company and in selecting a suitable period in making this assessment are as follows:

- The Company is presently invested primarily in long-term illiquid investments which are not publicly traded;
- The Board reviews the liquidity of the Company and regularly considers any commitments it has, cash flow projections and the use of gearing; and
- The Board, AIFM and Portfolio Manager will continue to adopt a long term view when making investments and anticipated holding periods will be at least five years;
- As detailed in the Directors' Report, the Valuations Committee oversees the valuation process.

The Board, as well as considering the principal risks on pages 16 and 17 and the financial position of the Company, has also considered the following assumptions in considering the Company's longer-term viability:

- There will continue to be demand for investment trusts;
- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Future developments

The Board's primary focus is on the Portfolio Managers' investment approach and performance. The subject is thoroughly discussed at every Board meeting.

In addition, the AIFM updates the Board on company communications, promotions and investor feedback, as well as wider investment issues.

An outline of performance, investment activity and strategy, and market background during the year, as well as the outlook, is provided in the Chairman's Statement on pages 2 and 3 and the Portfolio Manager's Review on pages 14 and 15.

It is expected that the Company's strategy will remain unchanged in the coming year.

Dividend Policy

The Company invests with the objective of achieving capital growth over the long term and it is not expected that a revenue dividend will be paid in the foreseeable future. The Board intends only to pay dividends out of revenue to the extent required in order to maintain the Company's investment trust status.

Potential returns of capital

It is expected that the Company will realise investments from time to time. The proceeds of these disposals may be re-invested, used for working capital purposes or, at the discretion of the Board returned to shareholders.

The options for effecting any return of capital to shareholders may include the Company making tender offers to purchase shares, paying special dividends or any alternative method or a combination of methods. Certain methods intended to effect a return of capital may be subject to, amongst other things, shareholder approval. Shareholders should note that the return of capital by the Company is at the discretion of the Directors and is subject to, amongst other things, the working capital requirements of the Company.

Company Promotion

In October 2018, the Company appointed Peel Hunt LLP as joint corporate broker, to work alongside Fidante Capital, the existing corporate broker, to encourage demand for the Company's shares.

In addition to AIFM services, Frostrow was appointed to promote the Company in the following ways:

STRATEGIC REPORT continued

Engaging regularly with investors:

Frostrow meets with institutional investors, discretionary wealth managers and execution-only platform providers around the UK and holds regular seminars and other investor events;

Making Company information more accessible:

Frostrow manages the investor database and produces all key corporate documents, distributes monthly factsheets, annual reports and updates from the Portfolio Manager on portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders:

Frostrow maintains regular contact with sector broker analysts and other research and data providers, and provides the Board with up-to-date information on the latest shareholder and market developments.

Community, Social, Employee, Human Rights, Environmental Issues, Anti-bribery and Anti-corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities, the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

As an investment trust with limited internal resource, the Company has little impact on the environment. The Company believes that high standards of corporate social responsibility (''CSR'') make good business sense and have the potential to protect and enhance investment returns. Consequently, the Group's investment process ensures that social, environmental and ethical issues are taken into account and best practice is encouraged.

Diversity

There are currently two male Directors and one female Director on the Board. The Company aims to have a balance of relevant skills, experience and background amongst the Directors on the Board and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity, including gender.

This report was approved by the Board of Directors and signed on its behalf by:

Neil England
Chairman

10 June 2019

CONSOLIDATED INCOME STATEMENT

for the period from incorporation on 19 December 2017 to 31 March 2019

	Notes	Revenue £'000	Capital £'000	2019 Total £'000
Gains on Investments	10	–	12,183	12,183
Interest Income		222	–	222
AIFM and Investment Advisory Fees	2	(1,116)	–	(1,116)
Other expenses	3	(1,132)	(128)	(1,260)
(Loss)/Return before Taxation		**(2,026)**	**12,055**	**10,029**
Taxation	7	–	–	-
(Loss)/Return for the period		**(2,026)**	**12,055**	**10,029**
(Loss)/Return per Share since Incorporation (pence)*	8	**(2.6)p**	**15.6p**	**13.0p**
(Loss)/Return per Share since IPO (pence)**	8	**(2.2)p**	**12.8p**	**10.6p**

The total column of this statement represents the Group's Consolidated Income Statement, prepared in accordance with IFRS as adopted by the European Union.

The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Group does not have any other comprehensive income and hence the total return, as disclosed above, is the same as the Group's total comprehensive income.

All items in the above statement derive from continuing operations.

All returns are attributable to the equity holders of Augmentum Fintech plc, the parent company. There are no non-controlling interests.

*The earnings per share from incorporation is the figure calculated in accordance with IAS 33 'Earnings per share'.

**The earnings per share from IPO figure has been disclosed as all earnings were earned subsequently to the IPO, and the issue of the 93,999,999 shares. The Directors have decided to disclose this as it better reflects the return generated for shareholders.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the period from incorporation on 19 December 2017 to 31 March 2019

	Period ended 31 March 2019					
Group	**Ordinary share capital £'000**	**Share premium account £'000**	**Special reserve £'000**	**Other capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
Issue of shares following placing and offer for subscription	940	93,060	–	–	–	94,000
Costs of placing and offer for subscription	–	(959)	–	–	–	(959)
Conversion of share premium account	–	(92,101)	92,101	–	–	-
Return/(Loss) for the period	–	–	–	12,055	(2,026)	10,029
At 31 March 2019	**940**	**-**	**92,101**	**12,055**	**(2,026)**	**103,070**

	Period ended 31 March 2019					
Company	**Ordinary share capital £'000**	**Share premium account £'000**	**Special reserve £'000**	**Other capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
Issue of shares following placing and offer for subscription	940	93,060	–	–	–	94,000
Costs of placing and offer for subscription	–	(959)	–	–	–	(959)
Conversion of share premium account	–	(92,101)	92,101	–	–	-
Return/(Loss) for the period	–	–	–	12,055	(2,053)	10,002
At 31 March 2019	**940**	**-**	**92,101**	**12,055**	**(2,053)**	**103,043**

CONSOLIDATED BALANCE SHEET

as at 31 March

	Note	2019 £'000
Non-Current Assets		
Investments held at fair value	10	77,600
Fixed Assets		39
Current Assets		
Other receivables	13	56
Cash and cash equivalents		25,592
Total Assets		**103,287**
Current Liabilities		
Other payables	14	(217)
Total Assets less Current Liabilities		**103,070**
Net Assets		**103,070**
Capital and Reserves		
Called up share capital	16	940
Share premium		–
Special reserve		92,101
Retained earnings:		
Capital reserves		12,055
Revenue reserve		(2,026)
Total Equity		**103,070**
Net Asset Value per share (pence)	9	**109.6p**

The accompanying notes are an integral part of these Financial Statements.

The Financial Statements on pages 21 to 26 were approved by the Board of Directors on 10 June 2019 and signed on its behalf by:

Neil England
Chairman

The notes on pages 27 to 36 form part of these Financial Statements.

Augmentum Fintech plc
Company Registration Number: 11118262

COMPANY BALANCE SHEET

as at 31 March

	Note	2019 £'000
Non-Current Assets		
Investments held at fair value	10	77,600
Investment in subsidiary undertakings	12	500
Current Assets		
Other receivables	13	34
Cash and cash equivalents		25,046
Total Assets		**103,180**
Current Liabilities		
Other payables	14	(137)
Total Assets less Current Liabilities		**103,043**
Net Assets		**103,043**
Capital and Reserves		
Called up share capital	16	940
Share premium		–
Special reserve		92,101
Retained earnings:		
Capital reserves		12,055
Revenue reserve		(2,053)
Total Equity		**103,043**

The accompanying notes are an integral part of these Financial Statements.

The Company profit for the period was £10,002,000. The Directors have taken advantage of the exemption under s408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone.

The Financial Statements on pages 21 to 26 were approved by the Board of Directors 10 June 2019 and signed on its behalf by:

Neil England
Chairman

The notes on pages 27 to 36 form part of these Financial Statements.

Augmentum Fintech plc
Company Registration Number: 11118262

CONSOLIDATED CASH FLOW STATEMENT

for the period from incorporation on 19 December 2017 to 31 March 2019

	2019 £'000
Operating activities	
Purchases of investments	(43,967)
Acquisition of fixed assets	(52)
Interest income received	199
Expenses paid	(2,179)
Net cash outflow from operating activities	**(45,999)**
Issue of shares following placing and offer for subscription	72,550
Costs of placing and offer for subscription	(959)
Net cash generated from financing activities	**71,591**
Net increase in cash and cash equivalents	**25,592**
Cash and cash equivalents at start of period	**-**
Cash and cash equivalents at end of period	**25,592**

The accompanying notes are an integral part of these Financial Statements.

COMPANY CASH FLOW STATEMENT

for the period from incorporation on 19 December 2017 to 31 March 2019

	2019 **£'000**
Operating activities	
Purchases of investments	(43,967)
Investment in subsidiary	(500)
Interest income received	199
Expenses paid	(2,277)
Net cash outflow from operating activities	**(46,545)**
Issue of shares following placing and offer for subscription	72,550
Costs of placing and offer for subscription	(959)
Net cash generated from financing activities	**71,591**
Net increase in cash and cash equivalents	**25,046**
Cash and cash equivalents at start of period	**-**
Cash and cash equivalents at end of period	**25,046**

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company. Reporting is provided to the Board of Directors on an aggregated basis. The investments are all located in the UK.

2 AIFM and Investment Advisory Fees

	Period ended 31 March 2019 Revenue £'000	Capital £'000	Total £'000
AIFM fees	225	–	225
Investment Advisory fees*	891	–	891
	1,116	**-**	**1,116**

* For the period from 13 March 2018 to 31 October 2018, Augmentum Capital LLP was employed as the Company's Investment Advisor. With effect from 1 November 2018 Augmentum Fintech Management Limited, a subsidiary of the Company, became the Company's delegated Portfolio Manager and the Investment Advisory Agreement with Augmentum Capital LLP was terminated.

3 Other Expenses

	Period ended 31 March 2019 Revenue £'000	Capital £'000	Total £'000
Administrative expenses	649	128	777
Directors fees*	108	–	108
Staff costs (see Note 5)	278	–	278
Auditors' remuneration	97	–	97
Total expenses	**1,132**	**128**	**1,260**

£55,000 of operating lease expenses were included in administrative expenses.

* Details of the amounts paid to Directors are included in the Directors Remuneration Report on page 54.

Auditors' Remuneration – PricewaterhouseCoopers LLP

	2019 Group £'000	2019 Company £'000
Audit of Group accounts pursuant to legislation	61	61
Audit of subsidiaries accounts pursuant to legislation	15	-
Audit related assurance services	21	16
Total auditors' remuneration	**97**	**77**

Non-audit services

It is the Group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties only when their expertise and experience with the Group are important. Details of the Group's process for safeguarding and supporting the independence and objectivity of the external auditors are given in the Audit Committee Report on page 61.

4 Key Management Personnel Remuneration

	Salary/Fees £'000	2019 Other benefits £'000	Total £'000
Key management personnel remuneration	283	25	308

Other benefits include pension contributions relating to the directors of the Company's subsidiary. The cost of the Carried Interest Plan will be shown separately and no charge has been incurred in the current period in relation to the Carried Interest Plan.

The Directors of the Company are considered to be the Key Management Personnel (KMP) along with the directors of the Company's subsidiary.

5 Employees Costs

The monthly average number of employees for the Group and Company during the period was three. All employees are within the investment and administration function.

	2019 £'000
Wages and salaries	224
Social security costs	28
Other pension costs	26
Total employee costs	**278**

6 Operating Leases

The Company's subsidiary entered into an operating lease agreement for its office premises. Operating lease expenses are included in administrative expenses in note 3.

The future minimum lease payments payable under operating leases are as follows:

As at 31 March	2019 Office Premises £'000
Within one year	132
Between two and five years	11
After five years	–

7 Taxation Expenses

For the period ended 31 March	Revenue £'000	Capital £'000	2019 Total £'000
Current tax:			
UK corporate tax on profits for the period	–	–	–

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax, currently 19% to the (loss)/return before tax is as follows:

For the period ended 31 March	Revenue £'000	Capital £'000	2019 Total £'000
(Loss)/return before taxation	(2,026)	12,055	10,029
(Loss)/return before tax multiplied by the effective rate of: UK corporation tax of 19%	(385)	2,290	1,905
Effects of: Non-taxable capital returns	–	(2,290)	(2,290)
Excess management expenses	385	–	385
Total tax expense	**-**	**-**	**-**

The Finance Act 2016 included legislation to reduce the standard rate of UK corporation tax to 19% from 1st April 2017 and to 17% from 1 April 2020.

No provision for deferred taxation has been made in the current period. The Group has not provided for deferred tax on capital profits arising on the revaluation of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset on the excess management expenses of £2,154,000. It is not anticipated that these excess expenses will be utilised in the foreseeable future.

8 (Loss)/Return per Share

The (loss)/return per share figures are based on the following figures:

	Period ended 31 March 2019 £'000
Net revenue loss	(2,026)
Net capital return	12,055
Net total return	**10,029**

Weighted average number of ordinary shares in issue during the period from the incorporation of the Company on 19 December 2017 to 31 March 2019	**77,092,077**

	Pence
Revenue loss per share from incorporation	**(2.6)**
Capital return per share from incorporation	**15.6**
Total return per share from incorporation	**13.0**

Weighted average number of ordinary shares in issue during the period from the IPO of the Company on 13 March 2018 to 31 March 2019	**94,000,000**

	Pence
Revenue loss per share from IPO	**(2.2)**
Capital return per share from IPO	**12.8**
Total return per share from IPO	**10.6**

The return per share from incorporation is the figure calculated in accordance with IAS 33 'Earnings per share'.

The return per share from IPO figure has been disclosed as all returns were earned subsequently to the IPO, and the issue of the 94,000,000 shares. The Directors decided to disclose this as it better reflects the return generated for Shareholders.

9 Net Asset Value per Share

The Net Asset Value ("NAV") per share is calculated by dividing the NAV of £103,070,000 by the number of ordinary shares in issue at the period end amounting to 94,000,000.

10 Investments Held at Fair Value

Non-current Investments Held at Fair Value

As at 31 March	2019 Group and Company £'000
Unlisted at fair value	77,600

Reconciliation of movements on investments held at fair value are as follows:

	Group and Company £'000
Purchases at cost	65,417
Gains on investments	12,183
As at 31 March 2019	**77,600**

11 Acquisition of Augmentum I LP

Immediately following the Company's successful IPO, on 13 March 2018, the Company acquired 100% of the interests in Augmentum Capital I LP (the LP) for consideration of £33,308,473. The consideration for the LP was made up of 21,450,303 ordinary shares, worth £21,450,303 based on their issue price of £1, and cash of £11,858,170.

The acquisition provided the Company with the portfolio of investments held by the LP. The initial fair value of the LP's net assets was £33,308,473. The fair value of the LP's net assets equalled the consideration paid.

12 Subsidiary undertakings

The Company has an investment in the issued ordinary share capital of its wholly owned subsidiary undertaking, Augmentum Fintech Management Limited ("AFML"), which is registered in England and Wales, operates in the United Kingdom and is regulated by the Financial Conduct Authority as of 1 November 2018. AFML's principal activity is the provision of portfolio management services to the Company. AFML's registered office is 5-23 Old Street, London EC1V 9HL.

13 Other Receivables

As at 31 March	2019 Group £'000	2019 Company £'000
Other receivables	56	34

14 Other Payables

As at 31 March	2019 Group £'000	2019 Company £'000
Other payables	217	137

15 Financial Instruments

(i) Management of Risk

As an investment trust, the Group's investment objective is to seek capital growth from a portfolio of securities. The holding of these financial instruments to meet this objective results in certain risks.

The Group's financial instruments comprise securities in unlisted companies, partnership interests, trade receivables, trade payables, and cash and cash equivalents.

The main risks arising from the Group's financial instruments are fluctuations in market price, and credit and liquidity risk. The policies for managing each of these risks are summarised below. These policies have remained constant throughout the period under review. The financial risks of the Company are aligned to the Group's financial risks.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments in the Group's portfolio. It represents the potential loss the Group might suffer through holding market positions in the face of price movements, mitigated by stock diversification.

The Group is exposed to the risk of the change in value of its unlisted equity and non-equity investments. For unlisted equity and non-equity investments the market risk is principally deemed to be the assumptions used in the valuation methodology as set out in the accounting policy.

Liquidity Risk

The Group's assets comprise unlisted equity and non-equity investments. Whilst unlisted equity is illiquid, short-term flexibility is achieved through cash and cash equivalents.

Credit Risk

The Group's exposure to credit risk principally arises from cash and cash equivalents. Only highly rated banks (with credit ratings above A3, based on Moodys ratings or the equivalent from another ratings agency) are used for cash deposits and the level of cash is reviewed on a regular basis. Cash was held with the following banks (see table below) and totalled £25.6 million.

Bank Credit Ratings at 31 March 2019	Moody's
Barclays Bank plc	A1
Santander International*	Aa3
Lloyds Bank plc	Aa3

*Rating is for parent company

Capital Risk Management

	Group 2019 £'000
Equity	
Equity share capital	940
Retained earnings and other reserves	102,130
Total capital and reserves	**103,070**

The Group's objective in the management of capital risk is to safeguard its liquidity in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders (whilst remaining within the restrictions imposed by its investment trust status) or issue new shares or debt.

The Group manages the levels of cash deposits held whilst maintaining sufficient liquidity for investments and operating expenses.

There are no externally imposed restrictions on the Company's capital.

15 Financial Instruments (continued)

(ii) Financial Assets and Liabilities

As at 31 March 2019	Group Fair value 2019 £'000	Company Fair value 2019 £'000
Financial Assets		
Unlisted Equity shares	70,625	71,125
Unlisted Convertible loan notes (non-interest bearing)	6,975	6,975
Cash and cash equivalents	25,592	25,046
Other assets	54	34
Financial Liabilities		
Other payables	(216)	(137)

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at fair value through profit or loss. The carrying values of the financial assets and liabilities measured at amortised cost are equal to the fair value.

The unlisted financial assets held at fair value are valued in accordance with the IPEV Guidelines as detailed within Note 19.4.

(iii) Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the directors.

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

All investments were classified as Level 3 investments as at, and throughout the period to, 31 March 2019. The table on page 29 presents the movements on investments measured at fair value. Details of changes in value of the Level 3 investments are included on page 29.

When using the price of a recent transaction in the valuations the Company looks to 're-calibrate' this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (ie. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA or earnings multiples of comparable public companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Group's investments, being in fast-growing, small financial services companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability the Group would normally then expect to switch to using an EBITDA or earnings multiple methodology.

In the calibration exercise and in determining the valuation for the Group's equity instruments, comparable trading multiples are used. In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The main input into the PWERM was the probability of conversion.

Total gains and losses on assets measured at Level 3 are recognised as part of Gains on Investments in the Consolidated Income Statement, and no other comprehensive income has been recognised on these assets. The total unrealised return for the period was £12,183,000.

15 Financial Instruments (continued)

The table below presents those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions.

Valuation Technique	Fair Value 2019 £'000	Unobservable Inputs	Reasonably possible shift in input +/-	Change in valuation +/- £'000
Multiple methodology	21,081	Multiple	10%	1,646
		Illiquidity adjustment	30%	2,658
PORT*	51,544	Transaction price	10%	5,154
PWERM**	4,975	Probability of conversion	50%	488

* Price of recent transaction.
** Probability weighted expected return methodology.

16 Called up Share Capital

	2019 Alloted, issued and fully paid shares No	2019 £'000
Issue of shares on incorporation	1	–
Issue of shares arising from IPO of the Company	93,999,999	940
Closing allotted, called-up and fully paid 94,000,000 ordinary shares of 1p each	**94,000,000**	**940**

On 13 March 2018, 93,999,999 ordinary shares were issued, with 1 share issued on incorporation.

The nominal value of the shares issued was £940,000 and the total consideration received was £94,000,000. 72,549,697 shares were issued in exchange for gross cash proceeds of £72,549,697. 21,450,303 shares were issued to the Limited Partners of Augmentum I LP (the 'LP') in exchange for their interests in the LP totalling £21,450,303.

The balance of the Limited Partners interests in the LP was acquired for £11,858,170 in cash. The amount paid to one of the Limited Partners was reduced by £930,299 to reflect their contribution to the costs of the issue. This contribution has been offset against the costs of the issue, which totalled £1,889,000, in the Consolidated Statement of Changes in Equity. The net costs of the issue were £959,000.

At 31 March 2019 there were 94,000,000 shares in issue and no shares were held in treasury.

17 Substantial holdings in Investments

The table below shows substantial holdings in investments where the Company owns more than 3% of the fully diluted capital of the investee company, and the investment value is more than 5% of the Company's non-current investments.

	% ownership (fully diluted)	% of portfolio
Zopa*	6.2	28.3
Interactive Investor*	3.7	13.0
BullionVault*	11.0	9.8
Augmentum I LP **	**100.0**	**55.7**
Monese	5.4	8.4
Farewill	13.6	5.2

* indirect ownership via Augmentum I LP.
** Augmentum I LP's registered office is IFC 5, St Helier, Jersey JE1 1ST and it is registered in Jersey.

18 Related Party Transactions

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules only)
- The Directors of the Company and the Company's subsidiary, Augmentum Fintech Management Limited
- Augmentum Fintech Management Limited

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM, are disclosed on page 18. Details of fees paid to Frostrow by the Company and Group can be found in note 2 on page 27.

Details of the remuneration of all Directors can be found on page 54. Details of the Directors' interests in the capital of the Company can be found on page 54.

Augmentum Fintech Management Limited was appointed as the Company's delegated Portfolio Manager with effect from 1 November 2018. Following its appointment the Portfolio Manager earned a portfolio management fee of 1.5% of NAV up to £250 million and 1.0% of NAV for any excess over £250 million and was entitled to a carried interest fee of 15% of net realised cash profits once the Company has received a 10% realised return on its investments. Further details of this arrangement are set out on page 18 in the Strategic Report. During the period the Portfolio Manager received a portfolio management fee of £613,000 and no carried interest fee was paid or accrued. There were no outstanding balances due to the Portfolio Manager at the period end.

19 Basis of Accounting and Significant Accounting Policies

19.1 Basis of preparation

The Group and Company Financial Statements for the period ended 31 March 2019 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS"), as adopted in the European Union and interpretations issued by the IFRS Interpretations Committee.

The Financial Statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in Note 19.4.

In order to reflect the activities of an investment trust company, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice for investment companies issued by the Association of Investment Companies updated in February 2018 (the "SORP").

The recommendations of the SORP which have been followed include:

- Realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the capital column of the Consolidated Income Statement. Realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity.
- Other returns on any investment (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the Consolidated Income Statement. The total of the revenue column of the Consolidated Income Statement is taken to the revenue reserve in equity.
- The Board should determine whether the indirect costs of generating capital returns should be allocated to capital as well as the direct costs incurred in generating capital profits. In this regard the Board has decided to follow a non-allocation approach to indirect costs, which will therefore be charged in full to the revenue column of the Consolidated Income Statement.

19.2 Basis of Consolidation

The Consolidated Financial Statements include the Company and certain subsidiary undertakings.

IFRS 10 and 12 define an investment entity and include an exception from the consolidation requirements for investment entities.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Company has multiple unrelated investors which are not related parties, and holds multiple investments
- Ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets
- The Company has obtained funds for the purpose of providing investors with investment management services
- The Company's business purpose is investing solely for returns from capital appreciation and investment income
- The performance of investments is measured and evaluated on a fair value basis

The Company will not consolidate the portfolio companies or other investment entities it controls. The principal subsidiary Augmentum Fintech Management Limited as set out in Note 12 is wholly owned. It provides investment related services through the provision of investment management or advice. As the primary purpose of this subsidiary is to provide investment related services that relate to the Company's investment activities it is not considered to be an investment entity. This subsidiary has been consolidated.

As set out in Note 11 the Company also owns 100% of the interests in Augmentum I LP (the 'LP'). As this LP is itself an investment entity and is held as part of the Company's investment portfolio it has not been consolidated.

FINANCIAL STATEMENTS

19 Basis of Accounting and Significant Accounting Policies (continued)

19.3 Application of New Standards

The following new IFRSs have been issued by the IASB, effective for annual periods beginning on or after 1 January 2018. The Group has not early adopted these standards for the period ended 31 March 2019, however full impact assessments on IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been completed.

IFRS 9 Financial Instruments

Financial assets within the Group are measured at fair value. The new requirements on initial recognition and subsequent measurement of financial assets under IFRS 9 are not expected to have any impact on the Group.

There are currently no hedging arrangements in the Group. Therefore requirements on hedging and hedge accounting under IFRS 9 are considered to be not applicable. Should hedging arrangements be put in place in future, the provisions of IFRS 9 will be considered.

IFRS 15 Revenue from Contracts with Customers

The main revenue generating assets held by the Group are classified as financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement and will be within the scope of IFRS 9 Financial Instruments when it becomes effective. On this basis, the Group's main revenue stream will be outside the scope of IFRS 15.

IFRS 16 Leases

Having performed an impact assessment of the adoption of IFRS 16 the Board does not believe the adoption of IFRS 16 will have a material impact on the financial statements of the Group or Company. This impact will be continuously assessed and updated, where relevant in light of any further developments within the Group or Company.

19.4 Investments

All investments are defined by IFRS at fair value through profit or loss (described in the Financial Statements as investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Increases or decreases in valuation are recognised as part of gains on investments at fair value in the Consolidated Income Statement.

Principles of Valuation of Investments

(i) General

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the AIFM and Board apply valuation techniques which are appropriate in light of the nature, facts and circumstances of the investment and use reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

In general, the enterprise value of the investee company in question will be determined using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(ii) Unlisted Equity Investments

In respect of each unlisted investment one or more of the following valuation techniques is used:

- A market approach, based on the price of the recent investment, market multiples or industry valuation benchmarks
- An income approach, employing a discounted cash flow technique
- A probability-weighted expected returns methodology ("PWERM"). Under the PWERM fair value is based on consideration of values for the investment under different scenarios. This will primarily be used where there is a convertible element to the investment.

In assessing whether a methodology is appropriate the use of techniques that draw heavily on observable market-based measures of risk and return is maximised.

Price of Recent Investment/Transaction

Where the investment being valued was itself made recently, or there has been a third party transaction in the investment, the price of the transaction may provide a good indication of fair value. Using the Price of Recent Investment technique is not a default and at each reporting date the fair value of investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a material change in the investment's fair value.

19 Basis of Accounting and Significant Accounting Policies (continued)

Multiple

Under the multiple methodology an earnings or revenue multiple technique is used. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

Multiples used are usually taken from current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and growth prospects which underpin the multiple. Such points of difference might include the relative size and diversity of the entities, rate of revenue/earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, and any other reason the quality of revenue or earnings may differ.

In respect of maintainable revenue/earnings, the most recent 12 month period, adjusted if necessary to represent a reasonable estimate of the maintainable amount, is used. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes.

Discounted Cash Flow

The Discounted Cash Flow (DCF) technique involves deriving the value of a business or an investment by calculating the present value of the estimated future cash flows from that business or investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount and date, and the appropriate risk-adjusted discount rate that captures the risk inherent to the business or investment.

PWERM

Under the PWERM potential scenarios are identified. Under each scenario the value of the investment is estimated and a probability for each scenario was selected. The fair value is then calculated as the sum of the value under each scenario multiplied by its probability.

19.5 Cash and Cash Equivalents

Cash comprises cash at bank and short-term deposits with an original maturity of less than 3 months.

19.6 Presentational and Functional Currency

The Group's and Company's presentational and functional currency is Pounds Sterling ("Sterling"), since that is the currency of the primary economic environment in which the Group operates.

19.7 Other income

Interest income received from cash equivalents is accounted for on an accruals basis.

19.8 Expenses

Expenses are accounted for on an accruals basis, and are charged through the revenue column of the Consolidated Income Statement except for transaction costs as noted below.

Transaction costs are legal and professional fees incurred when undertaking due diligence on investment transactions. Transaction costs, when incurred, are recognised in the Income Statement. If a transaction successfully completes, as a direct cost of an investment, the related transaction cost is charged to the capital column of the Income Statement. If the transaction falls through the related cost is charged to the revenue column of the Income Statement.

19.9 Carried Interest Fee

The Group offers certain employees the opportunity to participate in the returns from successful investments. "Carried Interest Fee" is the term used for amounts accruing to or payable to employees on investment-related transactions. Dependent on the timing of the investment, investments will be allocated to a basket and each basket will be subject to its own carried interest fee as set out on page 53.

Carried interest is accrued if its performance conditions, measured at the balance sheet date, would be achieved if the remaining assets in that basket were realised at fair value. An accrual is made equal to the share of profits in excess of the performance conditions in the basket, discounted to reflect the likely actual cash payment date, which may be materially later than the time of the accrual.

Carried Interest Fees accrued or paid will be charged to the capital column of the Income Statement and taken to the Capital Reserve.

19.10 Taxation

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting year.

19.11 Deferred Tax

Deferred taxation is provided on all timing differences other than those differences regarded as permanent. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available from which the reversal of timing differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is provided at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

19 Basis of Accounting and Significant Accounting Policies (continued)

19.12 Revenue and Capital Reserves

Net capital return is added to the Capital Reserve in the Consolidated Statement of Financial Position, while the net revenue return is added to the Revenue Reserve.

19.13 Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at amortised cost. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

19.14 Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs are deducted from equity.

19.15 Share Premium and Special Reserve

The share premium account arose following the Company's Admission and represented the difference between the proceeds raised and the par value of the shares issued. Costs of the share issuance were offset against the proceeds of the relevant share issue and also taken to the share premium account.

Subsequent to Admission and following the approval of the Court, the share premium account was cancelled and the balance of the account was transferred to the Special Reserve. The purpose of this was to enable the Company to increase the distributable reserves available to facilitate the payment of future dividends or with which to make share repurchases.

19.16 Going Concern

The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements, as the Board considers that the Group has sufficient liquid financial resources to continue in business for the foreseeable future.

19.17 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results.

There is one significant judgement included in the presentation of the Consolidated Financial Statements, that the Company has determined it is an investment company as set out in Note 19.2.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty in the reporting year, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements and valuation processes

Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV Valuation Guidelines. Decisions are required in order to determine the appropriate valuation methodology and subsequently in determining the inputs into the valuation model used. These decisions include selecting appropriate quoted company comparables, appropriate multiples to apply, adjustments to comparable multiples and estimating future cash flows of investee companies. In estimating the fair value of an asset, market-observable data is used, to the extent it is available.

The Valuations Committee, which is chaired by a Director, determines the appropriate valuation techniques and inputs for the model. The Audit Committee considers the work of the Valuations Committee and the results of their discussion with the AIFM, Portfolio Manager and the external auditors and works closely with the AIFM and Portfolio Manager to review the appropriate valuation techniques and inputs to the model. The Chairman of the Audit Committee reports its findings to the Board of Directors of the Group every six months to explain the cause of fluctuations in the fair value of the investments.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 19.4.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC

Report on the audit of the financial statements

Opinion

In our opinion, Augmentum Fintech plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2019 and of the group's return and the group's and the company's cash flows for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated balance sheet and the company balance sheet as at 31 March 2019; the consolidated income statement, the consolidated and company cash flow statements, and the consolidated and company statements of changes in equity for the 15 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the group or the company in the period from 19 December 2017 to 31 March 2019.

Our audit approach

Context

Augmentum Fintech plc, a UK listed investment trust, is managed by Frostrow Capital LLP, the Company's Alternative Investment Fund Manager ('AIFM'). Portfolio management is delegated by the AIFM to the Company's wholly owned subsidiary, Augmentum Fintech Management Limited. The operations of the Group are located in the UK. We focus our work primarily on the valuation of the investment portfolio.

Overview

- Overall group materiality: £1,803,000, based on 1.75% of net assets.
- Overall company materiality: £1,803,000, based on 1.75% of net assets.
- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.
- Valuation of investments held at fair value (Group and company).
- Gains on investments held at fair value (Group and company).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Section 1158 of the Corporation Tax Act. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in relation to accounting estimates, specifically in relation to the valuation of investments held at fair value, and the posting of inappropriate journal entries to increase revenue or reduce expenditure. Audit procedures performed by the engagement team included:

- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- testing the Company's compliance with Section 1158 of the Corporation Tax Act 2010 in the current year;
- identifying and testing journal entries;
- understanding and evaluating the internal controls designed to detect and prevent irregularities; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our audit procedures.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investments held at fair value *Group and company* Refer to page 60 (Audit Committee Report), page 33 to 36 (Accounting Policies) and page 29 (Notes). We focused on the valuation of investments held at fair value as the valuations are material, complex and include estimates and significant judgements. The valuation of investments held at fair value are determined by management and the Directors and are based on the nature of the underlying business which has been invested in. The methods used include: • Using recent transactions prices and recent offers • Using a discounted cash flow model; and • Applying a multiple to earnings and revenues	We understood and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by management in determining the fair value of the investment portfolio. For investments at fair value, we have: • compared valuations to recently completed transactions or recent offers where relevant; • assessed the validity of valuation models that applied comparable quoted company earnings and revenue multiples by assessing the adjustments made to reflect the differences between the quoted company and the investee company, and checking earnings and revenue data from audited financial statements, unaudited management accounts and/or forecasts for the investee entities; • assessed the valuation models that applied a discounted cash flow analysis by agreeing forecasts input into the model to supporting management accounts and analysing the discount rate applied; • obtained satisfactory explanations when challenging the assumptions made by management in the applicable valuation models; • tested the mathematical accuracy of the valuation models; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

Key audit matter	*How our audit addressed the key audit matter*
	• read Valuation Committee papers and attended the Valuations Committee meeting where the valuations of these investments were discussed and agreed. This, together with our knowledge of the investee entities and the International Private Equity and Venture Capital Valuation guidelines, enabled us to discuss with and challenge management as to the appropriateness of the methodology and key inputs used, and the valuations themselves. We found that management's valuations of unlisted investments were supported by the available evidence, and in particular that the assumptions used were appropriate based on the investee's circumstances, and actual and expected financial performance.
Gains on investments held at fair value *Group and company* Refer to page 60 (Audit Committee Report), pages 33 to 36 (Accounting Policies) and page 29 (Notes). We focused on the accuracy and completeness of gains on fair value investments. Gains on investments represent changes in the fair value of investments over the financial year. Fair value movements that are unrealised are based on the change in investment valuations. Valuations of unlisted investments are subjective. This, combined with the size of the gains on fair value investments, made this a key audit matter.	Our testing over the gains on fair value investments included: • obtaining an understanding of, and then testing the valuation process as set out in the key audit matters above, to ascertain whether unrealised gains/losses were appropriately calculated; • agreeing purchases of investments during the period to supporting information, and bank statements; • recalculating gains and losses based on the valuation movement in investments over the year; and • assessing journal entries relating to investment gains for any entries not covered in our testing as set out above. No material misstatements were identified by our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£1,803,000	£1,803,000
How we determined it	1.75% of net assets.	1.75% of net assets.
Rationale for benchmark applied	We have assessed materiality based on a percentage of net assets, as this is the primary metric focused on by investors.	We have assessed materiality based on a percentage of net assets, as this is the primary metric focused on by investors.

The materiality used for the subsidiary company was £12,000 and was equal to its local statutory audit materiality that was less than our overall group materiality and that we considered appropriate for our group audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £88,000 (Group audit) and £88,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	*Outcome*
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (in the Governance section) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (in the Governance section) with respect to the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the company. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 16 and 17 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 19 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 62, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 60 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 62, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUGMENTUM FINTECH PLC continued

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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 27 September 2018 to audit the financial statements for the period ended 31 March 2019 and subsequent financial years. This is therefore our first year of uninterrupted engagement.

Alison Morris (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 June 2019

BOARD OF DIRECTORS

Neil England
(Chairman of the Board and Nominations Committee)

Neil England has extensive international business expertise in a career spanning public and private companies varying in size from start -ups to global corporations.

His career started in manufacturing and he has held leadership roles in sales, marketing and general management across sectors including food, FMCG, distribution and technology.

Neil was a Vice President of Mars Incorporated; Group Chief Executive at The Albert Fisher Group Plc and Group Commercial Director at Gallaher Group Plc. Additionally he started two technology businesses and has advised on others.

Neil has been Chairman of a number of companies and in the past year these have included ITE Group Plc, Blackrock Emerging Europe Plc and three private businesses. He now holds one Chairman position in addition to Augmentum.

Remuneration: £35,000 pa

Shareholding in the Company: 20,000

Standing for election: yes

Karen Brade
(Chairman of the Audit Committee)

Karen Brade has extensive experience in project finance and private equity. She started her career at Citibank where she worked on various multi-national project finance transactions.

Karen worked at CDC (Commonwealth Development Corporation), the UK's development finance institution, where she held a variety of positions in equity and debt investing, portfolio management, fund raising and investor development.

Karen has been an adviser to hedge funds, family offices and private equity houses for a number of years. She chairs the Audit Committee and is senior independent director of Crown Place VCT PLC, Chairman of Aberdeen Japan Investment Trust PLC and Chairman of Keystone Investment Trust plc.

Remuneration: £30,000 pa

Shareholding in the Company: 18,842

Standing for election: yes

David Haysey
(Chairman of the Management & Remuneration Committee and Valuations Committee)

David Haysey has extensive experience in the investment business, working on both public and private equities, and asset allocation.

He started his career as a stockbroker, and held a number of senior positions, including as head of European equities for SG Warburg plc and Deutsche Bank AG and CIO and co-CEO of Deutsche Asset Management's European Absolute Return business.

David previously worked for RIT Capital Partners plc, where he was a board member and head of public equities. He joined the multi-strategy firm Marylebone Partners from its launch as head of liquid strategies. Since his retirement he has been a non-executive partner and member of the firm's investment committee.

Remuneration: £30,000 pa

Shareholding in the Company: 70,805

Standing for election: yes

MANAGEMENT TEAM

The Management Team currently comprises co-founders and principals of the Portfolio Manager. The Portfolio Manager is a specialist fund management and advisory business whose experienced and entrepreneurial Management Team has a strong track record in fintech venture capital. The Portfolio Manager is based in London and is authorised and regulated in the UK by the FCA. The Portfolio Manager has entered into service agreements with each of Tim Levene and Richard Matthews, the co-founders and principals of the Portfolio Manager and whose biographies are set out below.

The Company leverages the Management Team's years of experience, expertise and networks in the fintech sector to drive value creation in its investee companies.

The key individuals who are responsible for the Company's portfolio are listed below.

Tim Levene

Tim began his career at Bain & Co before leaving to co-found Crussh the chain of juice bars. In 1999, Tim became a founding employee at Flutter.com and after it merged with Betfair in 2001, he led the commercial side of the business including launching its international business. In 2010 Tim co-founded Augmentum with the backing of RIT Capital. Tim has been a Young Global Leader at the World Economic Forum since 2012 and is the Digital Advisor to the Royal Foundation. Tim was also elected as a Common Councillor (Independent) for the Ward of Bridge in the City of London in 2017.

Richard Matthews

Richard qualified as a chartered accountant with Coopers & Lybrand/PricewaterhouseCoopers LLP before leaving in 1999 to join Tim as an early employee and chief financial officer of Flutter.com. In 2001, upon the merger with Betfair, he left to become chief financial officer of Benchmark Europe (now Balderton Capital, a venture capital investor in Betfair). In 2005 he became a partner at Manzanita Capital a large US family office and in 2010 he rejoined Tim Levene to co-found Augmentum.

Perry Blacher

Perry started his career at McKinsey & Co in 1996, moving to Microsoft in 1998 and he has spent the last decade as an angel investor in, and adviser to, fintech businesses. Perry is a FinTech specialist, holding advisory or non-executive roles at Fairpoint plc, Barclays UK, Google, Onfido, Prodigy Finance, TransferGo and other FinTech businesses. He was a founding principal at Chase Episode 1 Partners when they invested in Flutter.com and is a venture partner at Amadeus Capital. He was the founder and chief executive officer of two businesses, both sold to public companies (Serum in 2002 and Covestor in 2007).

Martyn Holman

Martyn has nearly 20 years of experience as an operator, adviser and investor in tech and growth spaces. Martyn's early career was spent as a strategy consultant with the Boston Consulting Group, consulting to FTSE 100 clients across consumer, energy, financial services and heavy industry sectors. Since then he has accrued 15 years of experience as both an operator and investor in the tech/VC space. He was a key member of the early Betfair team and later co-founded LMAX Exchange which has since featured as the number 1 Times Tech Track Growth Company and a Fintech Future 50 member. Most recently Martyn spent nearly 5 years as an investor and partner in UK venture capital where he helped raise a £60 million early seed fund.

DIRECTORS' REPORT

The Directors present the audited Financial Statements of the Group and the Company for the period from incorporation on 19 December 2017 to 31 March 2019 and their Report on its affairs.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the period ended 31 March 2019, the following information is set out in the Strategic Report: a review of the business of the Company including details about its objective, strategy and business model, future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies), information regarding community, social, employee, human rights and environmental issues and the Company's policy regarding Board diversity. Information about Directors' interests in the Company's ordinary shares is included within the Annual Report on Remuneration section of the Directors' Remuneration Report.

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

Business and Status of the Company

The Company is registered as a public limited company in England and Wales (registered number 11118262) and is an investment company within the terms of Section 833 of the Companies Act 2006 (the "Act"). Its shares are traded on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. In the opinion of the Directors, the Company continues to direct its affairs so as to qualify for such approval.

Registered Office

On 14 May 2018, the Company's registered office address changed from 27 St James's Place London SW1A 1NR to 25 Southampton Buildings London WC2A 1AL.

Results and Dividend

The results attributable to Shareholders for the period are shown on the Income Statement.

The Directors are not recommending the payment of a dividend during the period.

Directors

The current Directors of the Company are listed on page 43. They all served as Directors from appointment on 12 February 2018 to 31 March 2019.

Tim Levene and Richard Matthews served as Directors of the Company from the date of incorporation on 19 December 2017 to 12 February 2018.

No other person was a Director of the Company during any part of the period up to the approval of this Report on 10 June 2019.

Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. Any Director or Directors with a potential conflict would be excluded from any related discussion.

Directors' & Officers' Liability Insurance Cover

Directors' and officers' liability insurance cover was maintained by the Company during the period from incorporation on 19 December 2017 to 31 March 2019. It is intended that this policy will continue for the year ending 31 March 2020 and subsequent years.

Directors' Indemnity

The Company provides, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the Financial Statements.

A copy of each deed of indemnity is available for inspection at the Company's offices during normal business hours and will be available at the Annual General Meeting.

Directors

Directors' Fees

The Directors' Remuneration Report and the Directors' Remuneration Policy are set out on pages 53 to 59.

Appointment and Replacement of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be less than two.

Capital Structure

The Company's capital structure at the end of the period under review and to the date of this report was comprised of 94,000,000 Ordinary Shares of 1p nominal value each.

50,000 Redeemable Preference Shares of £1 nominal value were issued, in order to satisfy certain statutory capital requirements for the incorporation of a public limited company. The Redeemable Preference Shares were subsequently cancelled on 13 March 2018.

93,999,999 Ordinary Shares were issued at the Company's launch on 13 March 2018. No shares were repurchased during the period.

1 Ordinary Share was issued on incorporation.

At the end of the period under review and to the date of this report, the Directors had shareholder authority to issue a further 18,800,000 Ordinary Shares and to repurchase no more than 14.99% of the Company's issued share capital per annum. These authorities will expire on 11 September 2019 unless previously revoked, varied or renewed by the Company in a general meeting.

DIRECTORS' REPORT continued

Cancellation of the Share Premium Account

As stated in the prospectus of the Company dated 22 February 2018, in order to increase the Company's distributable reserves, the Company had resolved that, subject to the confirmation and approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Issue be cancelled, and the amount of the share premium account so cancelled be credited to a reserve.

Following the approval of the Court and the subsequent registration of the Court order with the Registrar of Companies on 12 February 2019, the cancellation of the share premium account became effective and the amount of £92,101,133 previously held in the share premium account was transferred to a special distributable reserve.

Substantial Interests

The Company was aware of the following substantial interests in the voting rights of the Company as at 31 March 2019 and 31 May 2019, being the latest practicable date before publication of the Annual Report.

	31 May 2019		31 March 2019	
Shareholder	**Number of Ordinary Shares**	**% of Issued Share Capital**	**Number of Ordinary Shares**	**% of Issued Share Capital**
RIT Capital Partners	12,831,925	13.65	15,281,925	16.26
Canaccord Genuity Wealth Management	7,500,000	7.98	7,500,000	7.98
South Yorkshire Pensions Authority	6,000,000	6.38	6,000,000	6.38
Mr D Carter & Mrs A Carter	4,000,000	4.26	4,000,000	4.26
Close Brothers Asset Management	3,817,000	4.06	3,775,000	4.02
IPS Capital	3,733,439	3.97	3,733,439	3.97
Wellian Investment Solutions	3,300,000	3.51	2,952,001	3.14
EFG Harris Allday	3,083,668	3.28	–	–
Smith & Williamson Wealth Management	3,071,597	3.27	3,065,367	3.26
SVM Asset Management	2,920,000	3.11	2,920,000	3.11

* Percentage shown as a percentage of 94,000,000 ordinary shares, being the number of shares in issue at 31 March 2019 and to the date of this report.

Key management personnel of the Company's subsidiary interests in the shares of the Company as at 31 March 2019 are shown below:

Tim Levene	2,567,303	2.7%
Richard Matthews	575,000	0.6%

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar or to the Company directly.

Global Greenhouse Gas Emissions for the period ended 31 March 2019

At the date of this report, the Group has a staff of five individuals, operating from small office premises. Accordingly, it does not have any significant greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Common Reporting Standard ('CRS')

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Link Asset Services, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The following disclosure is made in accordance with this requirement:

(i) details of the Company's Carried Interest Plan are set out in the Directors' Remuneration Report.

The Directors confirm that there are no further disclosures to be made in this regard.

Securities Financial Transactions Regulation ('SFTR') Disclosure (unaudited)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the period ended 31 March 2019.

Alternative Performance Measures

The Financial Statements (on pages 21 to 26) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 65 and explained in greater detail in the Strategic Report, under the heading "Key Performance Indicators" on page 17.

Definitions of the terms used and the basis of calculation adopted are set out in the Glossary and Alternative Performance Measures on page 65.

DIRECTORS' REPORT continued

Statement of Disclosure of Information to Auditors

Each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP undertook the audit of the Company's financial statements for the period from incorporation on 19 December 2017 to 31 March 2019.

Resolutions to appoint PricewaterhouseCoopers LLP as the Company's auditors and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on Wednesday, 11 September 2019. Further details are included in the Report of the Audit Committee.

Going Concern

The content of the investment portfolio, trading activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Directors, having made relevant enquiries, are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the Company has adequate financial resources to continue in operation the next 12 months.

The Viability Statement of the Company is included in the Strategic Report.

Risk Management and Internal Controls

Details of the Company's risk management and internal control arrangements, including the Board's annual review of the effectiveness of the system of the Company's risk management and internal control arrangements are contained in the Corporate Governance Statement.

Annual General Meeting

The Annual General Meeting will be held on Wednesday, 11 September 2019. The formal notice of the Annual General Meeting is set out in a separate circular, which will be posted to shareholders with the Report and Financial Statements for the period from incorporation on 19 December 2017 to 31 March 2019.

Explanatory notes to the proposed resolutions can be found in the Notice of Meeting.

The Board considers that the proposed resolutions are in the best interests of the shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings.

Authority to Purchase Own Shares

It is intended that a special resolution will be proposed to grant the Board authority to purchase its own shares, so as to permit the purchase of up to 14,090,600 of the Company's ordinary shares (or such other number of shares as is equal to 14.99% of the total number of ordinary shares in issue at the date of the passing of the resolution) subject to the constraints set out in the special resolution. The Directors would intend to use this authority to purchase shares only if this would result in an increase in net asset value per share and would be in the best interests of shareholders generally. Ordinary shares which are purchased under this authority may be held in treasury or cancelled.

The Directors believe that granting the Board authority to purchase shares, as detailed above, is in the best interests of shareholders as a whole and therefore recommend shareholders to vote in favour of this resolution.

Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present who has been duly appointed has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way) he has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

DIRECTORS' REPORT continued

Other Statutory Information

The following information is disclosed in accordance with the Companies Act 2006:

- the rules on the appointment and replacement of directors are set out in the Company's articles of association (the "Articles"). Any change to the Articles would be governed by the Companies Act 2006.
- subject to the provisions of the Companies Act 2006, to the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. The powers shall not be limited by any special powers given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all the powers exercisable by the Directors. The Directors' powers to issue and buy back shares, in force at the end of the year, are recorded in the Directors' Report.
- there are no agreements:
  - (i) to which the Company is a party that might affect its control following a takeover bid; and/or
  - (ii) between the Company and its directors concerning compensation for loss of office.

By order of the Board

Frostrow Capital LLP
Company Secretary
10 June 2019

CORPORATE GOVERNANCE REPORT

Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "2016 AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide the best information to shareholders and the Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the UK Listing Rules.

During 2018, a new UK Corporate Governance Code was published by the Financial Reporting Council, which applies to companies with financial years beginning on or after 1 January 2019. A corresponding AIC Code of Corporate Governance was published at the beginning of February 2019, also applying to companies with financial years beginning on or after 1 January 2019. The Company will report against the principles and recommendations of the new AIC Code in its next annual report.

The AIC Code and the AIC Guide can be viewed on the AIC's website www.theaic.co.uk and the UK Code can be viewed on the Financial Reporting Council website www.frc.org.uk.

Statement of Compliance

The Company has complied with the recommendations of the 2016 AIC Code and the relevant provisions of the UK Code, except the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers this provision is not relevant to the position of the Company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. Therefore the Company has not reported further in respect of this provision.

The Board

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that as an investment company it outsources company secretarial, administration, marketing, portfolio and risk management services to Frostrow. Portfolio management is then delegated to Augmentum Fintech Management Limited ("Portfolio Manager") by Frostrow.

The Board's key responsibilities are to set the strategy, values and standards; to provide leadership within a controls framework which enable risks to be assessed and managed; to challenge constructively and scrutinise performance of all outsourced activities; and to review regularly the contracts, performance and remuneration of the Company's principal service providers and Portfolio Manager.

Board Committees

The Board has delegated specific responsibilities to the Audit Committee, the Management Engagement & Remuneration Committee, the Nominations Committee and the Valuations Committee details of which are set out below.

Audit Committee

The Audit Committee's key responsibilities are to monitor the integrity of the annual report and financial statements; to oversee the risk and control environment and financial reporting; and to review the performance of the Company's external auditor.

Valuations Committee

The Valuations Committee adds a further level of oversight to the valuation process carried out by Frostrow and AFML under their contractual arrangements with the Company. The Committee will meet at least twice a year to review the valuation of investments.

Management Engagement & Remuneration Committee

The Management Engagement & Remuneration Committee reviews annually the performance of the AIFM and the Portfolio Manager. The Committee considers the quality, cost and remuneration method of the service provided by the AIFM and the Portfolio Manager against their contractual obligations. The Committee is also responsible for the regular review of the terms of the AIFM Agreement and the Portfolio Management Agreement. The Committee last reviewed this in March 2019, at which time it was agreed that no amendments to the agreements were required.

The Committee's duties also include determining and agreeing with the Board the policy for remuneration of the Directors and key management personnel. Where appropriate, the Committee will consider both the need to judge the position of the Company relative to other companies regarding the remuneration of Directors and the need to appoint external remuneration consultants. The Committee met three times in the year, including meetings to determine the Director's Remuneration Policy, set up of the Carried Interest Plan and agree amendments to that Plan. A report on its activities is contained in the Directors' Remuneration Report.

Nominations Committee

The Nominations Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors. When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

All independent non-executive Directors are members of each Committee.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary. They will be available for inspection at the Annual General Meeting, and can be found on the Company's website www.augmentum.vc.

CORPORATE GOVERNANCE REPORT continued

Meeting Attendance

The table below sets out the number of Board and Committee meetings held during the period ended 31 March 2019 and the number of meetings attended by each Director.

In addition to the scheduled Board and Committee meetings, Directors attend ad-hoc Board meetings to consider matters such as the approval of regulatory announcements.

	Board	Audit Committee	ME&R Committee	Valuations Committee	Nomination Committee*
Neil England	5	2	3	1	–
Karen Brade	5	2	3	1	–
David Haysey	5	2	3	1	–

* The Nominations Committee was established on 4 June 2019.

Directors' Interests

The beneficial interests of the Directors in the Company are set out on page 54 of this annual report.

Directors' Independence

The Board consists of three non-executive Directors, each of whom is independent of Frostrow and AFML. No member of the Board has been an employee of the Company, Frostrow, AFML or any of its service providers. Accordingly, the Board considers that all the Directors are independent and there are no relationships or circumstances which are likely to affect or could appear to affect their judgement.

Board Evaluation

During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of David Haysey.

The Chairman is satisfied that the structure and operation of the Board continues to be effective and relevant and that there is a satisfactory mix of skills, experience, length of service and knowledge of the Company. The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for election.

Policy on Director Tenure

Directors will normally be expected to serve for nine years. Additionally, the Board subscribes to the view expressed within the AIC Code 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/her ability to act independently. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors will be appointed with the expectation that they will serve for a minimum of three years, subject to shareholder approval.

Appointments to the Board

The rules governing the appointment and replacement of directors are set out in the Company's Articles of Association. Where the Board appoints a new director during the year, that director will stand for election by shareholders at the next Annual General Meeting. When considering new appointments, the Board will seek to add persons with complementary skills and experience which fill any gaps in the Board's knowledge and who can devote sufficient time to the Company to carry out their duties effectively. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board recognises the value of diversity in the composition of the Board and accordingly, the Board will ensure that a diverse group of candidates is considered for any vacancies.

The Board has adopted a Board and Audit Committee Composition and Succession Plan (the "Plan"). The purpose of the Plan is to ensure that the Board is comprised of members who collectively:

i. display the necessary balance of professional skills, experience, length of service and industry/Company knowledge; and

ii. are fit and proper to direct the Company's business with prudence and integrity; and provide policy guidance on the structure, size and composition of the Board (and its Committee) and the identification and selection of suitable candidates for appointment to the Board (and its Committees).

This Plan is reviewed by the Board annually and at such other times as circumstances may require.

Subject to there being no conflict of interest, all Directors are entitled to vote on candidates for the appointment of new Directors and on the recommendation for shareholders' approval for the Directors seeking re-election at the Annual General Meeting. The Chairman will not chair the meeting when the Board is dealing with the appointment of his successor.

Induction/Development

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. New directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board committees, the Company's corporate governance practices and procedures and the latest financial information. Directors are encouraged to participate in training courses where appropriate.

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

CORPORATE GOVERNANCE REPORT continued

Conflicts of Interest

In line with the Companies Act 2006, the Board has the power to sanction any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit. A register of interests and external appointments is maintained and is reviewed at every Board meeting to ensure all details are kept up to date. Should a conflict arise, the Board has the authority to request that the director concerned abstains from any relevant discussion, or vote where a perceived conflict may arise. Appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts or potential conflicts arise.

Exercise of Voting Powers

The Board has delegated authority to AFML (as Portfolio Manager) to vote the shares owned by the Company.

The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible and practicable. The Portfolio Manager may refer to the Board on any matters of a contentious nature.

Further details can be found in the Portfolio Manager's Stewardship Report on the Company's website www.augmentum.vc.

Anti-Bribery and Corruption Policy

The Board has adopted a zero-tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit from themselves or for the Company.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at www.augmentum.vc. The policy is reviewed regularly by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

In response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website www.augmentum.vc. The policy is reviewed annually by the Audit Committee.

Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

The Company has also arranged Directors' and Officers' Liability Insurance which provides cover for legal expenses under certain circumstances. This was in force for the entire period under review and up to the date of this report.

Company Secretary

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that the Board procedures are followed and that the Company complies with applicable rules and regulations. The Company Secretary is also responsible for ensuring good information flows between all parties.

Board Meetings and Relations with the Portfolio Manager

The Board is responsible for strategy and reviews the continued appropriateness of the Company's investment objective, strategy and investment restrictions at each meeting. The Board meets regularly throughout the year and representatives from Frostrow and AFML are in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

The primary focus at regular Board meetings is the review of key investment and financial data, revenue and expenses projections, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.

The Board reviews the discount or premium to net asset value per share of the Company's share price at each Board meeting and considers the effectiveness of the Company's marketing and communication strategies, as well as any recommendations on share buybacks and issuance.

The Board has reviewed the Portfolio Manager's Statement of Compliance with the UK Stewardship Code, which is available on the FRC website www.frc.org.uk.

Shareholder Relations

Representatives of Frostrow, AMFL and the Joint Corporate Brokers regularly meet institutional shareholders and private client asset managers to discuss strategy, to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting.

An analysis of the Company's shareholder register is provided to the Directors at each Board meeting. The Board receives marketing reports from Frostrow. The Board reviews and considers the marketing plans on a regular basis. Reports from the Company's broker are submitted to the Board on investor sentiment and industry issues.

Shareholder Communications

The Company aims to provide shareholders with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative annual and half yearly reports. This is supplemented by the bi-annual publication through the London Stock Exchange, of the net asset value of the Company's shares.

CORPORATE GOVERNANCE REPORT continued

The Company's website www.augmentum.vc is regularly updated and provides useful information about the Company, including the Company's financial reports and announcements.

All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the AIFM, the Portfolio Manager, the Auditor, legal advisers and the Joint Corporate Stockbrokers.

The Board supports the principle that the AGM be used to communicate with investors. It is the intention that the full Board will attend the AGM under the chairmanship of the Chairman of the Board. All shareholders are encouraged to attend the AGM, where they have given the opportunity to question the Chairman, the Board and representatives of the AIFM and the Portfolio Manager. The Portfolio Manager makes a presentation to shareholders covering the investment performance and strategy of the Company at each AGM. Details of proxy votes received in respect of each resolution will be made available to shareholders at each General Meeting and will also be published on the Company's website www.augmentum.vc.

The Directors welcome the views of all shareholders and place considerable importance on communications with them. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company Secretary at the offices of Frostrow or via email at info@frostrow.com.

Significant Holdings and Voting Rights

Details of the substantial interests in the Company's Shares, the voting rights of the shares and the Directors' authorities to issue and repurchase the Company's shares, are set out in the Directors' Report.

Nominee Share Code

Where the Company's shares are held via a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's Annual General Meeting.

Annual General Meeting

THE FOLLOWING INFORMATION TO BE DISCUSSED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).
If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 8 Authority to sell shares held in Treasury on a non pre-emptive basis

Resolution 9 Authority to buy back shares

Resolution 10 Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice.

The full text of the resolutions to be proposed at the AGM are contained in the separate Notice of Meeting being sent to Shareholders with this Report and will be available on the Company's website www.augmentum.vc.

By order of the Board

Frostrow Capital LLP
Company Secretary

10 June 2019

DIRECTORS' REMUNERATION REPORT

Statement by Chairman of the Management Engagement & Remuneration Committee

On behalf of the Board, I am pleased to present my report as Chairman of the Management Engagement & Remuneration Committee (the "Committee"). This report sets out the Company's policy in relation to Directors' remuneration, as proposed for approval by shareholders at the Annual General Meeting in September 2019. This policy is set out below.

Management Engagement & Remuneration Committee

The other members of the Committee are Karen Brade and Neil England, who are both independent Directors of the Company.

The Committee operates under terms of reference, which are reviewed annually and approved by the Board. The Committee's core responsibilities include:

- determining the policy for the remuneration of the Chairman and Directors of the Company, and key personnel of Augmentum Fintech Management Limited ("AFML") and recommending the total remuneration packages (including bonuses, incentive payments or other awards) for those key personnel; and
- reviewing management engagement terms in place with the Company's AIFM and Portfolio Manager

The Committee met on three occasions during the year under review and has met twice since the period end. The Committee will meet at least twice per year going forward.

The activity of the Committee during the year was focused on remuneration matters, including approving the terms of the carried interest plan. The Committee also approved the salary of the directors of AFML.

During the period under review the Group engaged the services of Stephenson Harwood LLP to review executive contracts and advise on the implementation of the carried interest plan. While the Company engaged the services of Stephenson Harwood LLP on a number of other matters during the year, they have no other connection with the Company and the Committee considered that their advice would be objective and independent. Stephenson Harwood LLP received a fee of £24,000 for the provision of their advice.

Remuneration policy overview

The objective of the Group's remuneration policy is to attract, motivate and retain high calibre, qualified, executives with the necessary skills and experience in order for the Company to achieve its strategic objectives. The Directors also recognise the importance of ensuring that employees are incentivised and identify closely with the success of the Company.

Accordingly, the Committee's aim is to provide a framework for remuneration which creates an appropriate balance between fixed and performance-related elements.

It is the Committee's intention that performance-related remuneration is linked to the achievement of objectives which are aligned with shareholders' interests over the medium term.

The main elements of the remuneration package for key personnel of AFML are:

- Base salary.
- Performance-related annual bonus.
- Other benefits (including life and health insurance).
- Participation in AFML's carried interest plan.

Annual Discretionary Bonus

Key personnel of AFML may be awarded a discretionary bonus of up to 50% of base salary in such amount and on such terms as may be decided from time to time by the Committee. Any bonus payment made shall be purely discretionary in all respects and shall not form part of contractual remuneration. There is no obligation on the Group to award a bonus and any bonus awarded in one year shall not give rise to any expectation of or right to any bonus in the following or subsequent years.

There are no provisions for the annual discretionary bonus to be clawbacked from key personnel.

Carried interest plan ("CIP")

The Company's subsidiary, AFML, has established a carried interest plan for its employees (together, the "Plan Participants") in respect of any investments and follow-on investments made from Admission. Each carried interest plan operates in respect of investments made during a 24-month period and related follow-on investments made for a further 36-month period save that the first carried interest fee shall be in respect of investments acquired using 80% of the net proceeds of the IPO (including the Initial Portfolio), and related follow-on investments.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period. The participant's return is subject to a "catch-up" provision in their favour. Plan Participants' carried interests vest over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Committee.

Non-Executive Directors

Each of the Directors is appointed under a letter of appointment with the Company. Subject to their election by shareholders, the initial term of appointment for each Director is three years from Admission, and their appointments are terminable upon three months' notice by either party.

The Directors' fees are determined by the Board, subject to the limit set out in the Company's Articles of Association. There have been no changes to Directors' fees during the period.

The Directors are remunerated exclusively by fixed fees in cash and do not receive bonus payments or pension contributions from the Company, hold options to acquire shares in the Company, or other benefits. The Company does not have share options or a share scheme.

DIRECTORS' REMUNERATION REPORT continued

All Directors are entitled to the reimbursement of reasonable out of pocket expenses incurred by them in order to perform their duties as directors of the Company.

Annual Report on Remuneration

We are submitting this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations) and relevant sections of the Listing Rules. It will be subject to an advisory vote at the forthcoming Annual General Meeting in September 2019.

Director's Fee

Directors' annual fees are currently as follows and will remain at this level for the financial year ending 31 March 2020.

	Role	Fee £'000s
Neil England	Chairman of the Board and Nominations Committee	35
Karen Brade	Chairman of the Audit Committee	30
David Haysey	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	30

None of the Directors participate in the carried interest plan.

Single total figure of remuneration (Audited)

The following table summarises the gross aggregate remuneration of the Directors who served during the period from incorporation to 31 March 2019:

	Role	Total fees £'000s
Neil England*	Chairman of the Board and Nominations Committee	40
Karen Brade*	Chairman of the Audit Committee	34
David Haysey*	Chairman of the Management Engagement & Remuneration Committee and Valuations Committee	34
Total		108

* Appointed on 12 February 2018.

Tim Levene and Richard Matthews served as Directors of the Company from incorporation on 19 December 2017 to 12 February 2018. They received no remuneration from the Group in respect of qualifying services during that period.

Payments for Loss of Office and Payments to Former Directors (Audited)

No payments have been made to any former directors. It is the Company's policy not to pay compensation upon leaving office for whatever reason.

Directors' share interests (Audited)

The interests of the Directors who served in the year and who held an interest in the ordinary shares of the Company were as follows:

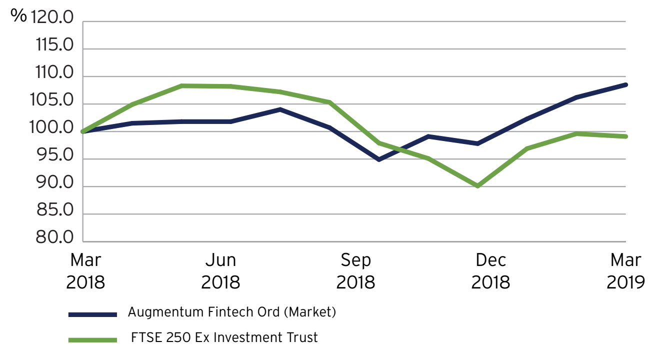
	Role	Number of ordinary shares as at 31 March 2019
Neil England	Chairman of the Board and Nominations Committee	20,000
Karen Brade	Chairman of Audit Committee	18,842
David Haysey	Chairman of Management Engagement & Remuneration Committee and Valuations Committee	70,805

None of the Directors are required to own shares in the Company.

There are no changes to Directors share interests from 31 March 2019 to the date of this report.

Total Shareholder Return

The graph below shows the total return for the period from IPO to 31 March 2019 against the FTSE 250 Ex Investment Trust Index.



Conclusion

I believe that our policy on pages 55 to 59 creates a strong alignment between the key personnel of AFML, Non Executive Directors and shareholders and is relevant and aligned with our expectations for the Company.

David Haysey

Chairman of the Management Engagement & Remuneration Committee
10 June 2019

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy is proposed for approval by the Company's members at the Annual General Meeting to be held on Wednesday, 11 September 2019, in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (Regulations).

1. Key objectives of the Augmentum Fintech plc Directors' Remuneration Policy

The Directors' Remuneration Policy aims to deliver three core objectives:

- Ensure that Directors fees are set at a level that is commensurate with the duties, responsibilities and time commitment of each respective role and consistent with the need to attract and retain directors of appropriate quality and experience. Directors remuneration should also be comparable to that of other investment trusts of a similar size and structure.
- Enable the Company's subsidiary Augmentum Fintech Management Limited ("AFML") to attract, retain, and incentivise the best talent for its business; and
- Create alignment with shareholders' interests.

To deliver these objectives the Directors' Remuneration Policy seeks to reward the achievement of Augmentum's strategic objectives;

Pay and Employment Conditions Across the Group

While the Group does not formally consult employees in determining the Directors' Remuneration Policy, structures, and practices, the Management Engagement & Remuneration Committee takes into consideration the pay and employment conditions applied across the organisation to ensure that pay structures are suitably aligned and that absolute remuneration levels remain appropriate. The Committee reviews the pay ratios between the Directors and the broader workforce, and also takes into account the general basic salary increases for employees across the organisation when determining Director salary increases.

Consideration of Shareholder Views

The views of shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with shareholders is maintained. It is the Committee's policy to consult with major shareholders and investor representative bodies prior to proposing any material changes to either this policy or any related remuneration arrangements at an Annual General Meeting. On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration.

2. Remuneration Policy for the Chairman of the Board and Non-Executive Directors

The Group's policy on Director remuneration is to set both the structure and level of fees to reflect the need to attract high-calibre Board members, and the scope of the responsibilities, time commitment, and market practice.

Terms of appointment

The appointment of both the Chairman and Directors are subject to letters of appointment. Service contracts are not used for Board members. The letters of appointment are available for inspection from the Company Secretary at the Company's registered office during normal business hours and at the Annual General Meeting. In line with the recommendations of the 2016 UK Corporate Governance Code, all Directors will stand for annual re-election by shareholders at the Annual General Meeting.

DIRECTORS' REMUNERATION POLICY continued

Director Remuneration Policy

The table below sets out the Group's policy for Director fees.

Fee element	Purpose and link to strategy	Operation	Maximum
Chairman's and Directors' basic fees	To attract and retain high calibre individuals to serve as Directors	Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market The Chairman's and Directors' fee are determined by the Committee Fees are reviewed annually to ensure that they remain in line with market practice and are paid in equal monthly instalments	The maximum aggregate fee for Directors, including the Chairman, is limited by the Company's articles of association to £500,000 p.a.
Additional fees	To provide compensation to Directors taking on additional Committee responsibility	Directors (other than the Chairman) are paid an additional fee for their Chairmanship of a Board Committee	See table on page 54
Benefits	To facilitate the execution of the role	The Company reimburses reasonable travel and subsistence costs together with any tax liabilities arising from these amounts To date no such costs have been reimbursed	No maximum sent

3. Key management personnel for AFML ('KMP') Remuneration Policy table

Salary	
Purpose and link to strategy	• To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location
Operation	• Salaries are reviewed annually, and any increases take account of a broad range of factors including: – The salary increases awarded across the organisation – Economic conditions – Inflation/cost of living – Individual performance, skills and experience – Financial performance of the Group – Pay levels in comparative companies
Maximum opportunity	• The maximum salary under this policy is £200,000 and the Committee retains discretion to increase salaries for the duration of this policy. However, increases will normally be in line with salary increases to the broader workforce • Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances at the Board's discretion (based on the recommendation of the Committee) such as where there is a change in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Any increases beyond the increments awarded across the broader workforce will be explained in the relevant year's Directors' Remuneration Report

DIRECTORS' REMUNERATION POLICY continued

Benefits

Purpose and link to strategy	• To provide competitive benefits in line with market practice
Operation	• The Benefits provision will be reviewed annually • The Group typically provides the following benefits: – Private health insurance – Death in service cover • The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon
Maximum opportunity	• The cost of some of these benefits is not pre-determined and may vary from year to year based on the overall cost to the Group in securing these benefits for a population of employees (particularly health insurance and death-in-service cover) • The Committee has discretion to approve an additional allowance in exceptional circumstances (such as relocation), or where factors outside the Committee's control have changed materially (such as increases in insurance premiums)

Pension

Purpose and link to strategy	To provide a competitive, yet cost-effective, appropriate long-term retirement benefit
Operation	KMP may receive a company contribution to a defined contribution scheme
Maximum opportunity	Company contributions of up to 15% of base salary

Discretionary Bonus

Purpose and link to strategy	To incentivise annual delivery of performance objectives relating to the short-term goals of the Company, driving strong financial performance for investors balanced with effective long-term decision making and prudence
Operation	• KMP may be awarded an annual discretionary bonus of up to 50% of base salary and on such terms as may be decided from time to time by the Management Engagement and Remuneration Committee of Augmentum Fintech plc. Any bonus payment made to KMP shall be purely discretionary in all respects and shall not form part of contractual remuneration. • There is no obligation on the Company to award a bonus and any bonus awarded in one year shall not give rise to any expectation of or right to any bonus in the following or subsequent years.
Maximum opportunity	• 50% of base salary

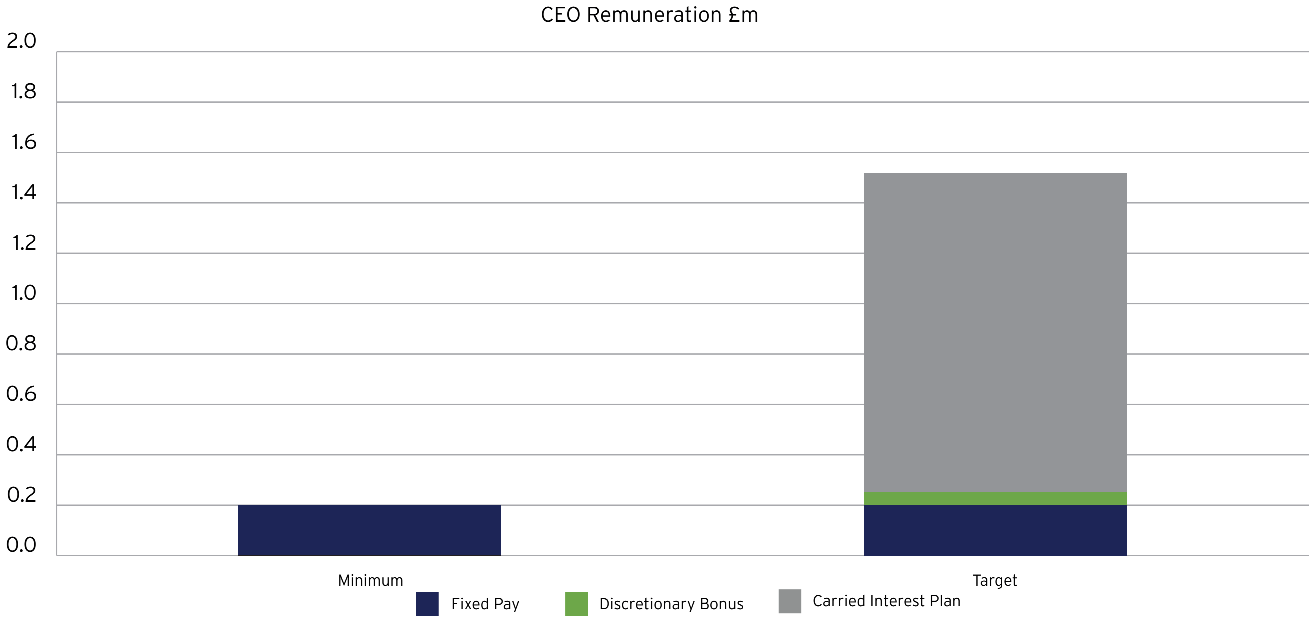
Carried Interest Plan ("CIP")

Purpose and link to strategy	To align performance related remuneration with shareholders interests over the medium to longer term.
Operation	• KMP participate in the CIP. The allocations between Plan Participants are set by the Management Engagement and Remuneration Committee at the start of each plan. See the 'Carried interest plan' section of the Directors Remuneration Report for further details. • Where the performance conditions of the CIP are met the Group is contractually to pay the CIP fee.
Maximum opportunity	• There is no maximum payout to Plan Participants under the CIP and it is the Group's policy not to cap individual variable pay. The maximum amount payable is dependent on the timing and amount of future investment realisations.

DIRECTORS' REMUNERATION POLICY continued

Illustration of the remuneration packages for key management personnel of AFML under different performance scenarios

The chart below illustrates the minimum fixed remuneration and provides a good indication of the total remuneration for a year of good performance using the base salary and maximum discretionary bonus effective 1 April 2019 and shows potential pay-outs at different levels of performance. The value of each element has been included.



Notes

- Under the Target scenario a fifth of the anticipated pay-out being equivalent to one year out of the five year vesting period of the carried interest plan. The anticipated pay-out assumes that the target IRR of 20% is met with all investment realisations occurring at the end of the five year period.
- No maximum payment scenario has been shown as there is no maximum payment specified under the carried interest plans and the Group's policy is to not cap individual variable pay. The maximum amount payable is dependent on the timing and amount of future investment realisations.

Approach to Recruitment Remuneration

The Committee is responsible for setting the package for any new KMP. On appointment of new KMP, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for shareholders.

In determining the appropriate remuneration package for new KMP, the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction from which the candidate is recruited from and their skills and experience. Additionally, decisions will be informed by consideration of market data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the organisation.

Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy. In the event of recruitment of new KMP, the rationale behind the package offered will be explained in the subsequent Annual Report on Remuneration.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting an appointment from the Group, the Committee may offer compensatory awards to facilitate recruitment in the form of a 'buy-out' award. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited, and, where possible, the Committee would aim to reflect the nature, timing, and value of awards forgone in any replacement, compensatory awards.

While cash may be included to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that 'golden hello' cash payments would be offered.

For internal promotions, any commitments made prior to appointment may continue to be honoured as the KMP is transitioned to the new remuneration arrangements.

DIRECTORS' REMUNERATION POLICY continued

KMP service contracts

It is the Group's policy to enter into contracts of employment with KMP which may be terminated at any time by either the Group or the KMP upon six months' notice. A summary of the way in which each element of remuneration is treated on loss of office is included in the table below.

Loss of office policy

In the event that the employment of KMP is terminated, any compensation payable will be determined in accordance with the terms of the employment contract as well as the rules of any relevant incentive plans. The Committee carefully considers compensation commitments in the event of a KMP's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing executive's obligations and to mitigate losses.

The main elements of remuneration would typically be treated in the following ways:

Element	"Good leaver"*	All other leavers
Fixed pay during the notice period	Save for summary dismissal, KMP will receive base pay and other benefits over their notice period including any period where they are not required to work. Alternatively, the Committee may elect to make a payment in lieu of notice; typically amounts will be paid in monthly instalments and reduce, or cease, in the event that remuneration from new employment is received.	
Bonus for final year of service	The Committee may award KMP an annual bonus payment in respect of their final year of service (while they are under notice). This payment will usually be pro-rated to reflect the portion of the financial year for which they were in active employment. Pay-outs will be calculated with reference to individual and financial performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred.	No bonus payment will be made if the KMP is under notice

* The Committee may determine that the KMP is a good leaver if they leave the Company as a result of either death, retirement (with the agreement of the Committee), injury, disability or for any other reason as determined by the Committee

Other payments may be made to compensate KMP for the loss of employment rights on termination. Payments may include amounts for agreeing to non-solicitation and confidentiality clauses, reimbursement of legal fees and/or for settlement of any claim arising in connection with the termination of the KMP's employment.

In the event of a change of control, the Carried Interest Plan would continue in accordance with their terms, subject to the Committee's discretion to determine otherwise.

External Appointments of KMP

It is the Company's policy to allow KMP to accept and fulfil non-executive directorships of another company, although the Board retains the discretion to adjust this policy on a needs-basis. KMP are permitted to retain any fees received in respect of any such external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

David Haysey

Chairman of the Management Engagement & Remuneration Committee
10 June 2019

REPORT OF THE AUDIT COMMITTEE

Statement from the Chairman

On behalf of the Board, I am pleased to present my report as Chairman of the Audit Committee. The members of the Committee are Neil England and David Haysey. The Board has taken note of the requirement that at least one member of the Audit Committee should have recent and relevant financial experience and is satisfied that the Audit Committee is properly constituted in this respect.

The Audit Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website.

Responsibilities

The Audit Committee's responsibilities include:

- Monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditor
- Providing advice to the Board on whether the annual financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy
- Making recommendations to the Board in relation to the appointment of external auditor and approving their remuneration and the terms of their engagement
- Advising the Board on the Company's overall risk appetite, tolerance and strategy
- Overseeing and advising the Board on the current risk exposures of the Company and future risk strategy, including reviewing the Company's key risks and internal controls
- Developing and implementing the Company's policy on the provision of non-audit services by the external auditor
- Considering annually whether there is a need for the Company to have its own internal audit function, and
- Reviewing the arrangements in place whereby employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company

Meeting and Business

I report to the Board after each Audit Committee meeting on the main matters discussed at this meeting.

The Audit Committee met three times during the period under review and to the date of this report. The main matters discussed at those meetings were:

- Review and approval of the annual plan of the external auditor
- Discussion and approval of the fee for the external audit
- Implementation of Audit Committee terms of reference and, Audit policies
- Review of the Company's key risks and internal controls
- Consideration of the 2016 UK Corporate Governance Code and 2016 AIC Code of Corporate Governance
- Review of the Annual and Interim Report and Financial Statements, including consideration of the significant accounting issues relating to the financial statements
- Meeting with the external auditors without management present
- Assessment of the need for an internal audit function
- Review of whistleblowing arrangements
- Consideration of the Valuation Committee's assessment of the adequacy of the methodologies applied in and results of the Group's valuation process, and its discussions with the AIFM, Portfolio Manager and the external auditors.

Internal Controls and Risk Management

The Board has overall responsibility for risk management and for the review of the internal controls of the Company, undertaken in the context of its investment objective.

A summary of the principal risks facing the Company is provided in the Strategic Report.

The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall investment objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, a risk matrix has been developed which covers all key risks that the Company faces, the likelihood of their occurrence and their potential impact, how these risks are monitored and mitigating controls in place.

The Board has delegated to the Audit Committee responsibility for the review and maintenance of the risk matrix and it reviews, in detail, the risk matrix each time it meets, bearing in mind any changes to the Company, its environment or service providers since the last review. Any significant changes to the risk matrix are discussed with the whole Board. There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Committee's most recent risk review.

The Committee reviews internal controls reports from its principal service providers on an annual basis. The Committee is satisfied that appropriate systems have been in place for the year under review and up to the date of approval of this report.

REPORT OF THE AUDIT COMMITTEE continued

Significant Reporting Matters

The most significant risk in the Company's financial statements is whether its investments are fairly and consistently valued and this issue is considered carefully when the Audit Committee reviews the Company's Annual and Interim Report. We have considered the work of the Valuation Committee and the results of their discussions with both the AIFM, Portfolio Manager and the external auditors. We consider the work to be detailed, comprehensive and that the persons preparing the reports have sufficient and appropriate expertise through their experience and qualifications. Furthermore, we believe that the process is planned and managed so as to devote adequate time and resource to preparation and review by the AIFM, Portfolio Manager and the Valuation Committee.

Financial Statements

The Board has asked the Committee to confirm that in its opinion the Board can make the required statement that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole document, underpinned by involvement in the planning for its preparation and review of the processes to assure the accuracy of factual content.

The Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis.

The Audit Committee also reviewed the financial position and principal risks of the Company in connection with the Board's statement on the longer-term viability of the Company, which is set out in the Strategic Report.

External Auditors

PricewaterhouseCoopers LLP was appointed as auditor of the Company with effect from 27 September 2018 for the audit of the Company's financial statements for the period from incorporation on 19 December 2017 to 31 March 2019.

The Audit Committee will annually review the performance of the Company's external auditor. In doing so the Audit Committee will consider a range of factors including the quality of service, the auditor's specialist expertise and the level of audit fee.

As a public company listed on the London Stock Exchange, the Company is subject to mandatory auditor rotation requirements. The Company will put the external audit out to tender at least every ten years and change auditor at least every 20 years. The Committee will, however, continue to consider annually the need to go to tender for audit quality or independence reasons and the Audit Committee has adopted formal audit tender guidelines to govern the audit tender process.

The Committee will carry out a formal review of PricewaterhouseCoopers LLP's audit this year once all the work has been completed but has been satisfied with their effectiveness so far and therefore, subject to commercial considerations, does not consider it necessary to carry out a tender for the audit at this time.

The auditor is required to rotate the audit partner every five years; the current partner has been in place for one year. There are no contractual obligations restricting the choice of external auditor. Under Company law the reappointment of the external auditor is subject to shareholder approval at the Annual General Meeting.

Non-Audit Services

EU Audit Regulation reforms in relation to non-audit services has become effective and applies to the Company under these regulations as a Public Interest Entity for the preparation of the Company's 2019 Report and Financial Statements. The Committee has approved a policy on non-audit services, which requires that non-audit fees must not exceed 70% of the average of the fees paid in the last three consecutive years for the statutory audit. The Audit Committee confirms that the Company expects to comply with these requirements in future.

The Audit Committee has considered whether there is a need for the Company to have its own internal audit function but continues to believe that the Company's internal control systems in place give sufficient assurance, given the size of the Company, that a sound system of internal control, which safeguards shareholders' investment and the Company's assets is maintained. This view is supported by the review of the effectiveness of internal controls referred to above. The Audit Committee considers, therefore, that an internal audit function specific to the Company is unnecessary.

Evaluation

The Committee's evaluation of its own performance has been covered as part of the process of the Board's annual evaluation of its operations and performance and those of its Committees, as described in the Corporate Governance Statement.

Karen Brade
Chairman of the Audit Committee
10 June 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the return or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the 'Board of Directors' on page 43 confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on its behalf by

Neil England
Chairman
10 June 2019

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (UNAUDITED)

The Company's AIFM, Frostrow Capital LLP and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

Those disclosures that are required to be made pre-investment are included within an Investor Disclosure Document which can be found on the Company's website www.augmentum.vc

The periodic disclosures to investors are made below:

- Information on the investment strategy, sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Frostrow.
- The Strategic Report and note 15 to the Financial Statements set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place during the year under review and no breaches of the risk limits set, with no breach expected.
- The maximum level of leverage did not change in the period under review. During the period ended 31 March 2019, the maximum permitted levels were 200% on a gross basis and 225% on a commitment basis (see Glossary for further details).
- No right of re-use of collateral or any guarantee has been granted during the period.
- Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Note: These disclosures are not audited by the Company's statutory auditor.

INFORMATION FOR SHAREHOLDERS

How to Invest

Retail Investors Advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relationship to non-mainstream investment procedures and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclays.co.uk/smart-investor/
Bestinvest	http://www.bestinvest.co.uk
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
FundsDirect	http://www.fundsdirect.co.uk/
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://hsbc.co.uk/investments
iDealing	http://www.idealing.com/
Interactive Investor	http://www.ii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	https://www.home.saxo/

Financial Calendar

Date	Event
31 March	Financial Year End
June	Financial Results Announced
September	Annual General Meeting
30 September	Half Year End
November	Half Year Results Announced

Website

For further information on share prices, regulatory news and other information, please visit www.augmentum.vc.

Shareholder Enquiries

In the event of queries regarding your shareholding, please contact the Company's registrar, Link Asset Services , who will be able to assist you with:

- Registered holdings
- Balance queries
- Lost certificates
- Change of address notifications

Link's full details are provided on page 66 or please visit www.linkassetservices.com.

Link Asset Services – Share Dealing Service

A share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility via service.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, please contact: www.linksharedeal.com (online dealing) Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 a.m. – 4.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Risk Warnings

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, some of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

Within the Strategic Report and Business Review, certain financial measures common to investment trusts are shown. Where relevant, these are prepared in accordance with guidance from the AIC, and this glossary provides additional information in relation to them.

API's

Application Programming Interface

Regtech

Computer programs and other technology used to help banking and financial companies comply with government regulations.

Admission

Admission to trading, when the Company's shares were listed and admitted for trading on an official stock exchange.

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into UK legislation, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Initial Public Offering ("IPO")

An IPO is a type of public offering in which shares of a company are sold to institutional investors and usually also retail (individual) investors. Through this process, colloquially known as floating, or going public, a privately held company is transformed into a public company.

Net Asset Value ("NAV")

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV per share is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which are in issue. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

NAV per share Total Return*

The theoretical total return on the NAV per share, reflecting the change in NAV during the period assuming that any dividends paid to shareholders were reinvested at NAV at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in the share price discount/premium.

Ongoing Charges Ratio (OCR)*

As an investment trust with an operating subsidiary, the calculation of the Company's OCR requires adjustments to the total operating expenses.

	2019 £'000
Operating expenses	2,376
Less: due diligence costs	(128)
Less: cash management fee*	(60)
Recurring operating expenses	2,188
Pro-rata adjustment**	(109)
Annualised expenses	**2,079**
Average net assets	97,969
Ongoing charges ratio	**2.1%**

* Cash management fee is deducted as this is paid where cash is placed on deposit through an investment platform, it is only incurred where there would be offsetting interest income.

** Pro-rata adjustment is to reflect that the accounting period is longer than 12 months.

Internal Rate of Return ("IRR")

Is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested.

Total Shareholder Return*

The theoretical total return per share reflecting the change in share price during the period and assuming that any dividends paid were reinvested at the share price at the time the shares were quoted ex-dividend.

Unquoted investment

Investments in unquoted securities such as shares and debentures which are not quoted or traded on a stock market.

* Alternative Performance Measure.

CONTACT DETAILS

Directors
Neil England *(Chairman of the Board and Nominations Committee)*
Karen Brade *(Chairman of the Audit Committee)*
David Haysey *(Chairman of the Management & Remuneration Committee and Valuations Committee)*

Registered Office
Augmentum Fintech plc
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Incorporated in England and Wales with company no. 11118262 and registered as an investment company under Section 833 of the Companies Act 2006

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E-Mail: enquiries@link.co.uk
Website: www.linkassetservices.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

† Calls outside the UK will be charged at the applicable International rate and may be recorded for training purposes.Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

Identification codes
SEDOL: BG12XV8
ISIN: GB00BG12XV81
BLOOMBERG: AUGM LN
EPIC: AUGM

Legal Entity Identifier:
213800OTQ44T555I8S71

Foreign Account Tax Compliance Act ("FATCA")
IRS Registration Number (GIIN):

Disability Act
Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

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Investment scams are often sophisticated and difficult to spot

How to avoid investment scams

1 **Reject unexpected offers**
Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.

2 **Check the FCA Warning List**
Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without FCA authorisation.

3 **Get impartial advice**
Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report a firm or scam to the Financial Conduct Authority on 0800 111 6768 or through www.fca.org.uk/scamsmart

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

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