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Schroder British Opportunities Tst.
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Schroder British Opportunities (SBO)

09/12/2025

Results analysis from Kepler Trust Intelligence

Schroder British Opportunities (SBO) has released its half-year report for the period ending 30/09/2025, which saw NAV per share decrease by 0.6% on a total return basis. The share price rose by 7.9%, leading to the discount to narrow by c. 5 percentage points.

Operational performance from the unlisted portfolio was encouraging, best demonstrated by good sales growth and a high percentage of profitability. Current valuation is 1.5x invested cost. However, the unlisted segment of the portfolio detracted, predominately as a result of valuation reductions due to management prudence.

During the period, one new private investment was announced and completed post period. Since, the trust also announced a further investment which will take the unquoted holdings to 12. At period end, cash was 13.2% of NAV, private companies at 70.5% and public companies at 13.9%.

The proposal to transition to a wholly private portfolio was approved by shareholders in the period. In line with new approach, the managers began the process of selling down the listed portfolio where appropriate. The aim is for this process to be complete by the end of 2026.

The board has brought forward a continuation vote to 2027. This will allow shareholders to vote on the progress of the new strategy and to elect to embark on a process to crystallise their investments, through the orderly realisation of the trust's assets.

Chair Justin Ward maintained a positive outlook, stating "the UK's deep pool of innovative and high-growth companies continues to offer attractive private equity investment opportunities."

Kepler View

We believe these results are another positive step for Schroder British Opportunities (SBO)'s future. After achieving approval from shareholders, the managers have begun the process of divesting the listed equities and reallocating the proceeds to private (unlisted) companies. This has enabled the managers to buy into the UK's deep pool of innovative, high growth companies, with two new holdings either announced or completed to date.

Whilst the discount narrowed, in our view, a sign of approval from shareholders, there is arguably scope for this to go further due to the good returns on unlisted holdings and the solid operational performance in the period. Furthermore, with the managers selling down the listed holdings and raising cash, we think the effective discount on the unlisted portfolio should be even wider, depending on the remaining cash levels.

In addition, we believe the bringing forward of the continuation vote is a sign of good corporate governance, providing shareholders with an earlier opportunity to vote on the trust's future, whilst also giving the managers time to complete the portfolio transition.

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