



I am pleased to report that your Company has continued to grow and invest for the future during the last financial year.

In a period characterised by geopolitical and macro-economic uncertainty, ICG Enterprise Trust's performance reinforces the Board's confidence in the resilience of the Portfolio and the benefits through economic cycles of our strategic focus on 'defensive growth'. ICG Enterprise Trust's NAV at 31 January 2023 was £1.3bn, equating to 1,903p NAV per Share. The Company has delivered 14.5% NAV per Share Total Return for the financial year, and 16.9% on a five-year annualised basis, net of all fees. Further details on the composition and performance of the Portfolio and NAV can be found in the Manager's review.

In public markets the macroeconomic uncertainty in 2022 was reflected in amplified volatility, downward pressure on earnings estimates and lower valuations placed on earnings. Understandably there have been questions about the seemingly less volatile nature of private valuations compared to public valuations. The Portfolio of ICG Enterprise Trust is notably different from that of frequently-cited public indices and is not weighted towards consumer, financials and energy companies (in the case of the FTSE 100) or towards a narrow group of technology companies (in the case of the S&P500). In addition, private market valuations have not typically seen the same levels of exuberance as public markets during periods when valuations have expanded dramatically.

When reviewing the valuation of the Portfolio, there are a number of factors to consider; but the ultimate validation is how an investment is realised, and whether at exit a buyer is willing to pay the value that we had it marked at. During FY23 the Portfolio experienced 54 Full Exits, generating £133.2m of cash proceeds (representing 11.4% of the opening Portfolio value for the year). These were executed at a weighted average Uplift to Carrying Value of 23.9% – slightly lower than recent years, but still a significant uplift. I believe our track record of Full Exits being at an Uplift to Carrying Value should give shareholders comfort that the valuations in our Portfolio are generally robust, and this is an area the Board continues to discuss in detail with the Manager.

Despite this consistent and strong track record, our share price has been impacted by widening discounts across the listed private equity investment trust sector. During this financial year our shareholders endured a negative Share Price Total Return of (2.3)% and on 31 January 2023 our shares traded at a 40.1% discount to the last published NAV of 1,918p (as at 31 October 2022).

The Board considers that the Company's performance and the value of its Portfolio and strategy are not appropriately recognised in its share price, and implemented several additional measures this year to optimise shareholder returns. These include a long-term buyback program, running alongside our existing progressive dividend policy, and an improved management fee agreement, that introduces a cap on the fee rate payable to our Manager and the Manager assuming a greater proportion of the Company's ongoing costs.

**PROVIDING PUBLIC ACCESS TO PRIVATE EQUITY**

Private equity can play a valuable role in generating differentiated returns for investors with a long-term perspective. It is, however, a fundamentally illiquid asset class. The closed-end nature of investment trusts solves the potential liquidity mismatch for investors by creating traded shares that can be bought and sold on a stock exchange. As a result, the portfolio can be managed for long-term value creation without the risk of having to sell assets to fund redemptions. By investing in vehicles such as ICG Enterprise Trust, shareholders gain access to a mature and actively managed portfolio of private equity investments, with the added benefit of daily liquidity.

A consequence of the investment trust structure, however, is that shares can trade at discounts to the published NAVs, and currently the sector as a whole – including ICG Enterprise Trust – is trading at quite notable discounts. As discussed elsewhere, your Board continues to work with the Manager to make shares in ICG Enterprise Trust more attractive to a wider range of investors.

I continue to believe that investment trusts such as ICG Enterprise Trust serve a useful purpose in helping provide access to private equity to a more diverse range of investors who are seeking to commit capital to this asset class.

**HOW ICG ENTERPRISE TRUST IS MANAGED**

Six years ago, ICG Enterprise Trust outlined three objectives.

We are pleased to have delivered against each of these since they were introduced:

Former objectives	Medium-term target	FY16	FY23
Portfolio as percentage of net assets	100%	82.1%	<b>108.1%</b>
North America as percentage of Portfolio	40–50%	14.1%	<b>46.6%</b>
High Conviction Investments as percentage of deployment	50%	33.0%	<b>57.6%</b>

The Company has evolved since these objectives were introduced, and to reflect this the Board has revised these objectives to the following, which focus on 1. Target Portfolio composition and 2. Balance sheet:

New objectives	Medium-term target	Five-year average	FY23
<b>1. Target Portfolio composition<sup>1</sup></b>			
Investment category			
Primary	~50%	<b>59.2%</b>	<b>54.1%</b>
Direct	~25%	<b>27.3%</b>	<b>27.3%</b>
Secondary	~25%	<b>13.5%</b>	<b>18.6%</b>
Geography <sup>2</sup>			
North America	~50%	<b>37.2%</b>	<b>46.6%</b>
Europe (inc. UK)	~50%	<b>62.8%</b>	<b>53.4%</b>
<b>2. Balance sheet</b>			
(Net cash)/debt <sup>3</sup>	~0%	<b>(3.0)%</b>	<b>3.4%</b>

1 As percentage of Portfolio value.  
 2 FY23 excludes 6.3% Other geographical exposure.  
 3 (Net cash)/debt as a percentage of NAV.



We remain well positioned to provide shareholders with access to attractive long-term returns. Our investment strategy is clear, our financial position is robust, and the underlying companies in which our Portfolio is invested are well-equipped to withstand the economic uncertainties we currently face.

**JANE TUFNELL**  
Chair

Importantly this does not indicate a change in the composition of the Portfolio, it merely more accurately reflects how the Portfolio and our balance sheet are being managed, and how they are expected to be constructed over the medium term. I believe that today we have a very high quality investment team through our Manager, and that these objectives will enable us to maximise the value they generate for our shareholders.

#### DIVIDEND AND SHARE BUYBACK

During the financial year the Board gave careful consideration to the level, form and mechanism of shareholder returns. The nature of private equity investments means that compounding capital appreciation is likely to be the largest single component of shareholder returns over the long term.

The progressive dividend is an important component of shareholder returns, and the Board remains committed to this policy. In line with this, the Board is proposing a final dividend of 9p per share. Together with the three interim dividends of 7p per share each, this will result in total dividends for the year of 30p per share, representing an 11.1% increase on the prior year dividend and the seventh consecutive year of dividend increases.

In October 2022 the Board introduced a long-term share buyback programme. The Board believes this programme demonstrates the Manager's discipline around capital allocation; underlines the Board's confidence in the long-term prospects of the Company, its cash flows and NAV; will enhance the NAV per Share; and over time may reduce the volatility of the Company's discount and increase its trading liquidity. At 2 May 2023 the Company has repurchased 472,178 shares since this programme was initiated, at an estimated weighted average discount to the last reported NAV of 41.2%. In aggregate these buybacks represent a capital return of £5.2m.

#### IMPROVED MANAGEMENT FEE AND COST SHARING WITH THE MANAGER

During the year we negotiated a revised fee agreement with the Manager, effective from 1 February 2023. This agreement caps the maximum fee rate payable to the Manager, and allows our shareholders to benefit from economies of scale as our NAV grows. Had the revised agreement been in place during FY23, the management fee paid would have been reduced by approximately 6.5% (£1.1m).

It was also agreed that the Manager will absorb a number of ongoing costs previously paid for by ICG Enterprise Trust. The Board estimates that these are equivalent to approximately 25–30% of the general expenses (which exclude management fees and finance costs) that would have been paid by ICG Enterprise Trust prior to this agreement being reached.

I am grateful to ICG for their co-operation during these negotiations and am pleased with the outcome we have agreed.

### Changes to management fees and costs

The ICG Enterprise Trust Board and the Manager have agreed a revised management fee rate, effective from 1 February 2023. While the management fee arrangement will remain unchanged, a tiered cap as a proportion of NAV has been introduced at the following thresholds:

ICG Enterprise Trust NAV	Management fee cap
< £1.5bn	1.25%
£1.5bn ≤ £2.0bn	1.10%
> £2.0bn	1.00%

The Board believes that this arrangement fairly compensates the Manager, and ensures that ICG Enterprise Trust shareholders benefit from the economies of scale generated from growth in the Company's NAV.

The management fees for the financial year covered in this report were 1.34% of NAV. As an illustration, had the revised agreement been in place during this period, the management fee rate would have been capped at 1.25% which would have reduced the management fee by approximately 6.5% (approximately £1.1m).

The Manager has also agreed to absorb a number of ongoing costs previously paid for by ICG Enterprise Trust, in particular a material share of Sales and Marketing costs. The Board estimates that these are equivalent to approximately 25–30% of the General Expenses (which exclude management fees and finance costs) that would have been paid by ICG Enterprise Trust prior to this agreement being reached.

#### BOARD EVOLUTION

Following the retirement of Sandra Parajola in June 2022, we were delighted to strengthen our Board with the appointment of two new non-executive directors, Adiba Ighodaro and Janine Nicholls. Adiba and Janine each bring a depth and breadth of knowledge which is complementary to the Board's existing skillset. Further details on their backgrounds and experience can be found on page 50.

#### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 June 2023. The Board will be formally communicating with shareholders outlining the format of the meeting separately in the Notice of Meeting. This will include details of how shareholders may register their interest in attending the Annual General Meeting, either in person or via video conference.

#### LOOKING AHEAD

I am confident that our Company is well-positioned to successfully execute on its strategy. We have historically generated significant value over the long term, and I believe we will continue to do so. Our ability to continue to commit, deploy and realise capital through uncertain economic times means that our Portfolio is not exposed to particular vintage risk. We have a distinctive strategy, a Portfolio managed by an experienced and well-networked team, and our Board has demonstrated its disciplined approach to capital allocation. Taken as a whole I believe this results in a differentiated and attractive offering to shareholders.

Finally, I want to thank you for the continued trust and support you give to ICG Enterprise Trust.

**Jane Tufnell**

Chair  
10 May 2023