



THE CAPITAL HOLDINGS FUNDS PLC  
2020 SEMI-ANNUAL REPORT

Contents

	Page
THE CAPITAL HOLDINGS FUNDS PLC	
Boards of Directors	4
Members of the Investment Advisory Committees	5
Advisors and Organisation	6
Directors' Report and Statement of Directors' Responsibilities in respect of the Financial Statements	7
Statement of Financial Position	8
Statement of Comprehensive Income	16
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	20
Statement of Cash Flows	24
Notes to the Financial Statements	28
ASIAN CAPITAL HOLDINGS	
Profile	40
Performance Since Inception	41
Statement of Financial Position	43
Statement of Comprehensive Income	44
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	45
Statement of Cash Flows	46
Notes to the Financial Statements	47

Copies of this report may be obtained from the Administrator or from [www.capitalholdings.com](http://www.capitalholdings.com) or from:

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THE CAPITAL HOLDINGS FUNDS PLC  
2020 SEMI-ANNUAL REPORT

Contents

	Page
DISCOVERY CAPITAL HOLDINGS	
Profile	56
Performance Since Inception	57
Statement of Financial Position	58
Statement of Comprehensive Income	59
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	60
Statement of Cash Flows	61
Notes to the Financial Statements	62
EUROPEAN CAPITAL HOLDINGS	
Profile	69
Performance Since Inception	70
Statement of Financial Position	72
Statement of Comprehensive Income	73
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	74
Statement of Cash Flows	75
Notes to the Financial Statements	76
LEVERAGED CAPITAL HOLDINGS	
Profile	84
Performance Since Inception	85
Statement of Financial Position	88
Statement of Comprehensive Income	89
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	90
Statement of Cash Flows	91
Notes to the Financial Statements	92

THE CAPITAL HOLDINGS FUNDS PLC  
2020 SEMI-ANNUAL REPORT

Contents

	Page
TRADING CAPITAL HOLDINGS	
Profile	101
Performance Since Inception	102
Statement of Financial Position	103
Statement of Comprehensive Income	104
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	105
Statement of Cash Flows	106
Notes to the Financial Statements	107

BOARD OF DIRECTORS OF  
THE CAPITAL HOLDINGS FUNDS PLC

**Mike Kirby, Chairman**

Managing Principal  
KB Associates  
Dublin

**Dick van Duijn**

Chief Operating Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Miki Kliger**

Chairman of the Board of Directors  
Edmond de Rothschild (Israel) Limited  
Tel Aviv

**Michel Lusa**

Member of the Executive Committee  
Edmond de Rothschild (Suisse) SA  
Geneva

**Nicola Meaden Grenham\***

Chief Executive Officer  
Dumas Capital Limited  
Dublin

**Pietro Soldini**

Chief Executive Officer  
Londinium Limited  
Dublin

**Rick Sopher**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**John Stokes**

Senior Consultant  
KB Associates  
Dublin

**Abbas Zuaiter\***

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich, CT

\*Independent directors

HONORARY PRESIDENT OF  
THE CAPITAL HOLDINGS FUNDS PLC

**Baroness Ariane de Rothschild**

Vice President  
Edmond de Rothschild Holding SA  
Geneva

BOARD OF DIRECTORS OF  
LCH INVESTMENTS NV

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amice**

Head of Research  
LCH Investments NV

**Maurizio Solaro del Borgo**

Member of the Board  
Banca del Ceresio  
Lugano

MEMBERS OF THE  
INVESTMENT ADVISORY COMMITTEES

**LEVERAGED CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Abbas Zuaiter**

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich

**EUROPEAN CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Nicola Meaden Grenham**

Chief Executive Officer  
Dumas Capital Limited  
Dublin

**TRADING CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Abbas Zuaiter**

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich

**DISCOVERY CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Abbas Zuaiter**

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich

**ASIAN CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Nicola Meaden Grenham**

Chief Executive officer  
Dumas Capital Limited  
Dublin

**INVESTMENT ADVISORS**

LCH Investments NV  
Kaya W.F.G. (Jombi) Mensing 14  
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Curaçao

**REGISTERED OFFICE**

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IFSC  
Dublin 1  
Ireland

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787 Seventh Avenue  
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**NETHERLANDS LEGAL COUNSEL**

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Claude Debussylaan 80  
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The Netherlands

**ADMINISTRATOR**

Citco Fund Services (Ireland) Limited (from 1 March 2019)  
Custom House Plaza Block 6  
International Financial Services Centre  
Dublin 1  
Ireland

BNP Paribas Fund Administration Services (Ireland) Limited  
(until 28 February 2019)  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland

**DEPOSITARY**

Citco Bank Nederland NV, Dublin Branch (from 1 March 2019)  
Custom House Plaza Block 6  
International Financial Services Centre  
Dublin 1  
Ireland

BNP Paribas Securities Services, Dublin Branch  
(until 28 February 2019)  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland

**INDEPENDENT AUDITOR**

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

**COMPANY SECRETARY**

KB Associates  
Ground Floor  
5 George's Dock  
Dublin 1  
Ireland

**Irish Authorisation**

The Capital Holdings Funds plc is authorised as a Retail Investor AIF by the Central Bank of Ireland.

**Unaudited Information**

The financial information contained in this semi-annual report has not been audited. Audited financial statements are contained in the annual report.

**General**

This document does not constitute an offer of any investment or an invitation or solicitation to subscribe for or purchase any investment. Subscriptions are valid only if made on the basis of the current prospectus, supplemented by the latest annual report and the most recent semi-annual report if published thereafter.

**DIRECTORS' REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**IN RESPECT OF THE FINANCIAL STATEMENTS**

We are pleased to submit to our shareholders the semi-annual report of The Capital Holdings Funds plc for the six month period to 30 June 2020.

**Activities and business review**

The Capital Holdings Funds plc (the "Company") was incorporated in Ireland on 13 March 2014 with registration number 541001 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014. The Company is an umbrella fund which is comprised of sub-funds, each one with one or more classes of Shares.

As of the date of this report the Company comprised of the following 3 active sub-funds:

- Asian Capital Holdings ("ACH")
- Discovery Capital Holdings ("DCH")
- Leveraged Capital Holdings ("LCH")

European Capital Holdings ("ECH") merged its operations with LCH with effect from 1 March 2020 and Trading Capital Holdings ("TCH") merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares.

For the six month period to 30 June 2020, net assets decreased by US\$60m to US\$444m from US\$504m. Of the decrease, an amount of (US\$70m) was attributable to share transactions, and an amount of US\$10m was attributable to investment operations and foreign currency translation adjustments.

The detailed results for the period are set out in the statement of comprehensive income on page 16 as well as in the financial statements of the various sub-funds.

**Transactions with Connected Parties**

In accordance with the Central Bank's AIF Rulebook any transaction carried out with the Company by its Board of Directors, Investment Advisor, Depositary or by delegates or group companies of these entities ("connected parties") must be carried out as if negotiated at arm's length. Such transactions must be in the best interests of the Shareholders. In addition to those transactions, there are also transactions carried out by connected parties on behalf of the Company to which the directors have no

direct access and in respect of which the directors must rely upon assurances from its delegates that the connected parties carrying out these transactions do carry them out on a similar basis.

Further, Shareholders should refer to the prospectus which identifies many of the connected party transactions and the general nature of the contractual arrangements with the principal connected parties but it is not exhaustive of all connected party transactions. Shareholders should also refer to the provisions of the Prospectus dealing with conflicts of interest.

Therefore, having regard to confirmations from the Company's management and its relevant delegates, the directors are satisfied that (i) there are arrangements (as evidenced by written procedures documented by the Board of Directors) in place to ensure that the obligations described above are applied to all transactions with connected parties; and (ii) transactions with connected parties entered into during the period complied with these obligations.

Note 6 details related party transactions in the period as required by IFRS. However, Shareholders should understand that not all "connected parties" are related parties as such latter expression is defined by those International Financial Reporting Standards. Details of fees paid to related parties and certain connected parties are disclosed separately in the statement of comprehensive income.

The 2020 semi-annual report of the Company has been published on the website [www.capitalholdings.com](http://www.capitalholdings.com).

On behalf of the Board of Directors



M. Kirby



D. van Duijn

28 August 2020



## STATEMENT OF FINANCIAL POSITION

At 30 June 2020	Notes	ACH US\$000	DCH US\$000	ECH €000 <sup>2</sup>	LCH US\$000	TCH US\$000 <sup>2</sup>	Total US\$000 <sup>1</sup>
<b>Assets</b>							
<b>Current assets</b>							
Financial assets at fair value through profit or loss	2.4, 5	74,714	122,774	-	294,606	-	426,995
Due from investment companies and brokers	2.7	-	126	-	-	-	126
Prepayments on investments	2.8	-	1,000	-	7,500	-	8,500
Other accounts receivable	2.9	22	26	-	243	-	291
Cash and cash equivalents	2.5	2,826	9,959	-	5,293	-	18,078
<b>Total assets</b>		<b>77,562</b>	<b>133,885</b>	<b>-</b>	<b>307,642</b>	<b>-</b>	<b>453,990</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Short term borrowings	2.10	(21)	(25)	-	(29)	-	(75)
Subscriptions received in advance		-	(7,500)	-	-	-	(7,500)
Shareholder redemptions payable		-	-	-	(231)	-	(231)
Advisory and performance fees payable		(412)	(741)	-	(744)	-	(1,897)
Other accounts payable and accrued expenses	2.11	(50)	(59)	-	(167)	-	(276)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(483)	(8,325)	-	(1,171)	-	(9,979)
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2.12</b>	<b>77,079</b>	<b>125,560</b>	<b>-</b>	<b>306,471</b>	<b>-</b>	<b>444,011</b>

<sup>1</sup> In the total column all transactions between the various sub-funds have been eliminated.

<sup>2</sup> The financial statements of ECH and TCH have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares

## STATEMENT OF FINANCIAL POSITION

At 30 June 2020	ACH	DCH	ECH	LCH	TCH
Net asset value per Class A redeemable participating share US\$	172.71	224.45	-	290.60	-
Number of Class A redeemable participating shares in issue	432,488	400,177	-	694,610	-
Net asset value per Class B redeemable participating share €	111.90	-	-	195.06	-
Number of Class B redeemable participating shares in issue	18,975	-	-	477,461	-
Net asset value per Class C redeemable participating share US\$	-	227.19	-	-	-
Number of Class C redeemable participating shares in issue	-	157,313	-	-	-

## STATEMENT OF FINANCIAL POSITION

At 31 December 2019	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Assets</b>							
<b>Current assets</b>							
Financial assets at fair value through profit or loss	2.4, 5	84,231	122,319	86,460	156,080	40,315	452,318
Due from investment companies and brokers	2.7	-	5,150	3,936	13,358	43	22,969
Other accounts receivable	2.9	27	35	29	261	22	378
Cash and cash equivalents	2.5	9,296	345	7,344	8,195	6,811	32,890
<b>Total assets</b>		<b>93,554</b>	<b>127,849</b>	<b>97,769</b>	<b>177,894</b>	<b>47,191</b>	<b>508,555</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Short term borrowings	2.10	(15)	(1,017)	-	(19)	-	(1,051)
Shareholder redemptions payable		-	-	(492)	-	-	(552)
Advisory and performance fees payable		(446)	(533)	(371)	(663)	(179)	(2,237)
Other accounts payable and accrued expenses	2.11	(72)	(70)	(71)	(133)	(75)	(430)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(533)	(1,620)	(934)	(815)	(254)	(4,270)
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2.12</b>	<b>93,021</b>	<b>126,229</b>	<b>96,835</b>	<b>177,079</b>	<b>46,937</b>	<b>504,285</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an FX rate of €1.00 = US\$1.1224. In the total column all transactions between the various sub-funds have been eliminated.

## STATEMENT OF FINANCIAL POSITION

At 31 December 2019	ACH	DCH	ECH	LCH	TCH
Net asset value per Class A redeemable participating share US\$	162.68	208.77	-	290.49	182.21
Number of Class A redeemable participating shares in issue	557,691	445,780	-	485,007	192,156
Net asset value per Class B redeemable participating share €	106.49	-	286.52	195.75	135.62
Number of Class B redeemable participating shares in issue	19,211	-	337,965	164,894	78,424
Net asset value per Class C redeemable participating share US\$	-	210.81	-	-	-
Number of Class C redeemable participating shares in issue	-	157,313	-	-	-

## STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020	Notes	ACH US\$000	DCH US\$000	ECH €000 <sup>2</sup>	LCH US\$000	TCH US\$000 <sup>2</sup>	Total US\$000 <sup>1</sup>
<b>Income</b>							
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:							
- Realised gains/(losses)	2.4	3,591	1,456	13,401	(1,717)	(1,570)	4,207
- Change in unrealised gains/(losses)	2.4	299	7,781	(15,960)	13,412	(1,875)	9,865
Interest income	2.13	-	-	-	5	2	7
Fee rebate	6	-	-	8	484	-	493
Surplus on repurchase of own shares	2.12	12	-	67	85	15	187
Other income		9	14	1	36	-	60
<b>Total income/(loss)</b>		<b>3,911</b>	<b>9,251</b>	<b>(2,483)</b>	<b>12,305</b>	<b>(3,428)</b>	<b>14,819</b>
<b>Operating expenses</b>							
Advisory and performance fees		(823)	(1,261)	(225)	(1,803)	(165)	(4,305)
Administration fees		(28)	(28)	(9)	(65)	(8)	(139)
Audit fees		(18)	(16)	(2)	(73)	(4)	(113)
Other operating expenses		(108)	(117)	(49)	(266)	(35)	(581)
<b>Total operating expenses</b>		<b>(977)</b>	<b>(1,422)</b>	<b>(285)</b>	<b>(2,207)</b>	<b>(212)</b>	<b>(5,138)</b>
<b>Operating profit/(loss)</b>		<b>2,934</b>	<b>7,829</b>	<b>(2,768)</b>	<b>10,098</b>	<b>(3,640)</b>	<b>9,681</b>
<b>Finance costs</b>							
Commitment fee relating to short term borrowings		(28)	(55)	(10)	(109)	(15)	(218)
Interest expense short term borrowings	2.13	(1)	(22)	-	(4)	-	(27)
Interest expense	2.13	(2)	(7)	(9)	(24)	-	(43)
<b>Total finance costs</b>		<b>(31)</b>	<b>(84)</b>	<b>(19)</b>	<b>(137)</b>	<b>(15)</b>	<b>(288)</b>
<b>Profit/(loss) before taxation</b>		<b>2,903</b>	<b>7,745</b>	<b>(2,787)</b>	<b>9,961</b>	<b>(3,655)</b>	<b>9,393</b>
Taxation	2.17	-	-	-	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>2,903</b>	<b>7,745</b>	<b>(2,787)</b>	<b>9,961</b>	<b>(3,655)</b>	<b>9,393</b>

All amounts arose solely from continuing operations except for ECH and TCH which have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020. There are no gains or losses other than those dealt with in the statement of comprehensive income.

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1233. In the total column all transactions between the various sub-funds have been eliminated.

<sup>2</sup> The financial statements of ECH and TCH have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares.

## STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019							
	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Income</b>							
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:							
- Realised gains/(losses)	2.4	6,095	8,130	(323)	(2,455)	(2,852)	8,550
- Change in unrealised gains/(losses)	2.4	3,015	4,112	6,978	24,954	4,424	40,085
Interest income	2.13	42	43	-	58	37	180
Fee rebate	6	-	-	7	469	-	477
Surplus on repurchase of own shares	2.12	-	-	225	200	106	563
Other income		13	2	2	105	49	171
<b>Total income/(loss)</b>		<b>9,165</b>	<b>12,287</b>	<b>6,889</b>	<b>23,331</b>	<b>1,764</b>	<b>50,026</b>
<b>Operating expenses</b>							
Advisory and performance fees		(666)	(913)	(819)	(1,772)	(569)	(4,855)
Administration fees		(43)	(39)	(50)	(75)	(42)	(256)
Audit fees		(21)	(28)	(33)	(44)	(7)	(137)
Other operating expenses		(74)	(96)	(103)	(233)	(71)	(592)
<b>Total operating expenses</b>		<b>(804)</b>	<b>(1,076)</b>	<b>(1,005)</b>	<b>(2,124)</b>	<b>(689)</b>	<b>(5,840)</b>
<b>Operating profit/(loss)</b>		<b>8,361</b>	<b>11,211</b>	<b>5,884</b>	<b>21,207</b>	<b>1,075</b>	<b>44,186</b>
<b>Finance costs</b>							
Commitment fee relating to short term borrowings		(55)	(105)	(57)	(169)	(86)	(480)
Interest expense short term borrowings	2.13	(1)	(1)	(14)	(66)	(1)	(85)
<b>Total finance costs</b>		<b>(56)</b>	<b>(106)</b>	<b>(71)</b>	<b>(235)</b>	<b>(87)</b>	<b>(565)</b>
<b>Profit/(loss) before taxation</b>		<b>8,305</b>	<b>11,105</b>	<b>5,813</b>	<b>20,972</b>	<b>988</b>	<b>43,621</b>
Taxation	2.17	-	-	-	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>8,305</b>	<b>11,105</b>	<b>5,813</b>	<b>20,972</b>	<b>988</b>	<b>43,621</b>

All amounts arose solely from continuing operations. There are no gains or losses other than those dealt with in the statement of comprehensive income.

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1415. In the total column all transactions between the various sub-funds have been eliminated.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June 2020	ACH US\$000	DCH US\$000	ECH €000 <sup>1,2</sup>	LCH US\$000	TCH US\$000 <sup>2</sup>	Total US\$000 <sup>1</sup>
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>	<b>93,021</b>	<b>126,229</b>	<b>96,835</b>	<b>177,079</b>	<b>46,937</b>	<b>504,285</b>
Increase from redeemable participating shares issued	-	13,000	-	128,685	-	46
Decrease due to redeemable participating shares repurchased	(18,845)	(21,414)	(94,048)	(9,254)	(43,282)	(69,805)
<b>Net increase/(decrease) from share transactions</b>	<b>(18,845)</b>	<b>(8,414)</b>	<b>(94,048)</b>	<b>119,431</b>	<b>(43,282)</b>	<b>(69,759)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	2,903	7,745	(2,787)	9,961	(3,655)	9,393
Foreign currency translation adjustment	-	-	-	-	-	92
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>	<b>77,079</b>	<b>125,560</b>	<b>-</b>	<b>306,471</b>	<b>-</b>	<b>444,011</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, at 1 January have been converted at an FX rate of €1.00 = US\$1.1224. The amounts in the statement of comprehensive income relating to ECH as well as the proceeds from subscriptions and redemptions relating to ECH have been converted at the average FX rate of €1.00 = US\$1.1233. The method of conversion has no effect on the net asset value per redeemable participating share of the individual sub-funds. The amount of US\$0.1 million above reflects the notional foreign exchange adjustment as a result of the method of conversion. This adjustment is not for the benefit of any shareholder. In the total column all transactions between the various sub-funds have been eliminated.

<sup>2</sup> The financial statements of ECH and TCH have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June 2019	ACH US\$000	DCH US\$000	ECH €000 <sup>1</sup>	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>	<b>85,220</b>	<b>118,137</b>	<b>123,147</b>	<b>249,520</b>	<b>86,855</b>	<b>620,216</b>
Increase from redeemable participating shares issued	184	3,000	-	-	229	3,413
Decrease due to redeemable participating shares repurchased	(2,781)	(388)	(19,893)	(34,736)	(15,807)	(76,420)
<b>Net increase/(decrease) from share transactions</b>	<b>(2,597)</b>	<b>2,612</b>	<b>(19,893)</b>	<b>(34,736)</b>	<b>(15,578)</b>	<b>(73,007)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	8,305	11,105	5,813	20,972	988	43,621
Foreign currency translation adjustment	-	-	-	-	-	(813)
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>	<b>90,928</b>	<b>131,854</b>	<b>109,067</b>	<b>235,756</b>	<b>72,265</b>	<b>590,017</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, at 1 January have been converted at an FX rate of €1.00 = US\$1.1450. The amounts in the statement of comprehensive income relating to ECH as well as the proceeds from subscriptions and redemptions relating to ECH have been converted at the average FX rate of €1.00 = US\$1.1415. The method of conversion has no effect on the net asset value per redeemable participating share of the individual sub-funds. The amount of (US\$0.8 million) above reflects the notional foreign exchange adjustment as a result of the method of conversion. This adjustment is not for the benefit of any shareholder. In the total column all transactions between the various sub-funds have been eliminated.



## STATEMENT OF CASH FLOWS

For the period ended 30 June 2020	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Cash flows from operating activities</b>							
Profit/(loss) before taxation		2,903	7,745	(2,787)	9,961	(3,655)	9,393
<b>Adjustments for:</b>							
Interest income		-	-	-	(5)	(2)	(7)
Surplus on repurchase of own shares		(12)	-	(67)	(85)	(15)	(187)
Other income		(9)	(14)	(1)	(36)	-	(60)
Finance costs		31	84	19	137	15	288
Foreign exchange (gains)/losses on cash and cash equivalents		-	-	-	167	9	176
<b>Net changes in:</b>							
Due from investment companies and brokers		-	5,024	3,936	13,358	43	22,843
Prepayments on investments		-	(1,000)	-	(7,500)	-	(8,500)
Other accounts receivable		5	9	29	18	22	87
Proceeds from sale of investment companies received in advance		-	-	-	-	-	-
Advisory and performance fees payable		(34)	208	(371)	81	(179)	(340)
Other accounts payable and accrued expenses		(22)	(11)	(71)	34	(75)	(154)
Financial assets at fair value through profit or loss		9,517	(455)	86,460	(138,693)	40,315	25,156
Financial liabilities at fair value through profit or loss		-	-	-	-	(9)	(9)
Interest income received		-	-	-	5	2	7
Surplus on repurchase of own shares received		12	-	67	85	15	187
Other income received		9	14	1	36	-	60
Finance costs paid		(31)	(84)	(19)	(137)	(15)	(288)
<b>Net cash from operating activities</b>		<b>12,369</b>	<b>11,520</b>	<b>87,196</b>	<b>(122,574)</b>	<b>36,471</b>	<b>48,652</b>
<b>Cash flows from financing activities</b>							
Short term borrowings		6	(992)	-	10	-	(976)
Proceeds from redeemable participating shares issued		-	20,500	-	128,685	-	7,546
Paid on redeemable participating shares repurchased		(18,845)	(21,414)	(94,540)	(9,023)	(43,282)	(70,126)
<b>Net cash from financing activities</b>		<b>(18,839)</b>	<b>(1,906)</b>	<b>(94,540)</b>	<b>119,672</b>	<b>(43,282)</b>	<b>(63,556)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,470)</b>	<b>9,614</b>	<b>(7,344)</b>	<b>(2,902)</b>	<b>(6,811)</b>	<b>(14,904)</b>
Foreign currency translation adjustment		-	-	-	-	-	92
Cash and cash equivalents at 1 January		9,296	345	7,344	8,195	6,811	32,890
<b>Cash and cash equivalents at 30 June</b>	<b>2.5</b>	<b>2,826</b>	<b>9,959</b>	<b>-</b>	<b>5,293</b>	<b>-</b>	<b>18,078</b>

All amounts arose solely from continuing operations except for ECH and TCH which have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020.

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an FX rate of €1.00 = US\$1.1243. In the total column all transactions between the various sub-funds have been eliminated.

## STATEMENT OF CASH FLOWS

For the period ended 30 June 2019	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Cash flows from operating activities</b>							
Profit/(loss) before taxation		8,305	11,105	5,813	20,972	988	43,621
<b>Adjustments for:</b>							
Interest income		(42)	(43)	-	(58)	(37)	(180)
Surplus on repurchase of own shares		-	-	(225)	(200)	(106)	(563)
Other income		(13)	(2)	(2)	(105)	(49)	(171)
Finance costs		56	106	71	235	87	565
Foreign exchange (gains)/losses on cash and cash equivalents		-	-	-	(33)	(28)	(61)
<b>Net changes in:</b>							
Due from investment companies and brokers		(10,560)	5,184	5,522	23,282	7,087	31,316
Prepayments on investments		(8,000)	1,000	-	-	-	(7,000)
Other accounts receivable		(13)	(14)	(348)	(483)	(13)	(919)
Proceeds from sale of investment companies received in advance		-	-	(175)	-	-	(200)
Advisory and performance fees payable		558	746	664	1,444	479	3,982
Other accounts payable and accrued expenses		(30)	2	9	29	(17)	(6)
Financial assets at fair value through profit or loss		1,363	(27,216)	4,223	(23,599)	11,927	(27,539)
Financial liabilities at fair value through profit or loss		(27)	-	(44)	(407)	(204)	(688)
Interest income received		42	43	-	58	37	180
Surplus on repurchase of own shares received		-	-	225	200	106	563
Other income received		13	2	2	105	49	171
Finance costs paid		(56)	(106)	(71)	(235)	(87)	(565)
<b>Net cash from operating activities</b>		<b>(8,404)</b>	<b>(9,193)</b>	<b>15,664</b>	<b>21,205</b>	<b>20,219</b>	<b>42,506</b>
<b>Cash flows from financing activities</b>							
Short term borrowings		15	17	2,000	12,019	15	14,342
Proceeds from redeemable participating shares issued		184	3,000	-	-	229	3,413
Paid on redeemable participating shares repurchased		(2,781)	(388)	(19,893)	(34,940)	(15,926)	(76,743)
<b>Net cash from financing activities</b>		<b>(2,582)</b>	<b>2,629</b>	<b>(17,893)</b>	<b>(22,921)</b>	<b>(15,682)</b>	<b>(58,988)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,986)</b>	<b>(6,564)</b>	<b>(2,229)</b>	<b>(1,716)</b>	<b>4,537</b>	<b>(16,482)</b>
Foreign currency translation adjustment		-	-	-	-	-	(813)
Cash and cash equivalents at 1 January		13,329	7,977	4,230	5,783	7,191	39,123
<b>Cash and cash equivalents at 30 June</b>	<b>2.5</b>	<b>2,343</b>	<b>1,413</b>	<b>2,001</b>	<b>4,067</b>	<b>11,728</b>	<b>21,828</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an FX rate of €1.00 = US\$1.1380. In the total column all transactions between the various sub-funds have been eliminated.

## 1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

The Company is an umbrella fund with segregated liability between its sub-funds. The active sub-funds are currently:

- Asian Capital Holdings (“ACH”)
- Discovery Capital Holdings (“DCH”)
- Leveraged Capital Holdings (“LCH”)

European Capital Holdings (“ECH”) merged its operations with LCH with effect from 1 March 2020 and Trading Capital Holdings (“TCH”) merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS and IFRS Interpretations Committee interpretations as adopted by the European Union (“IFRS”) and those parts of the Companies Act 2014 applicable to companies reporting under IFRS, and art 115y of the Netherlands Decree on Conduct of Business Supervision of Financial Undertakings under the Netherlands Financial Supervision Act.

These financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, except for ECH and TCH which have been prepared on the liquidation basis since ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the entity’s financial statements are disclosed in Note 5.

The following interpretations are mandatory for the Company’s accounting years beginning on or after 1 January 2020 or later years:

### Standards and amendments to existing standards effective 1 January 2020

*Definition of Material - Amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’*

The IASB has made amendments to IAS 1 ‘Presentation of Financial Statements’ (“IAS 1”) and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ (“IAS 8”) which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

### *Revised Conceptual Framework for Financial Reporting*

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The adoption of the above amendments to standards have no material impact to the Company’s financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Company.

### **New standards, amendments and interpretations effective after 1 January 200 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

### **2.2 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting used by the Board of Directors and is prepared on a basis consistent with the measurement and recognition principles of IFRS.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- a) restricted activities;
- b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company considers all of its investments in other funds to be investments in unconsolidated structured entities. The Company generally invests in structured entities whose objectives range from achieving medium to long term capital growth and whose investment strategy may include the use of leverage. The structured entities are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The structured entities finance their operations by issuing redeemable shares which are generally puttable at the holder's option and entitle the holder to a proportional stake in the respective fund's net assets. The Company holds redeemable shares in each of its structured entities.

### **2.3 Foreign currency translation**

Functional and presentational currency:

Items included in the Company's financial statements are measured in US dollar for all sub-funds, apart from ECH for

which the items included in its financial statements are measured in Euro. The US dollar is considered the presentation and functional currency for all sub-funds (apart from ECH) because it is the currency of the primary economic environment in which the Company operates. It reflects the Company's main activity of investing in US equities and or US dollar denominated investment companies as well as the currency in which the majority of the Company's redeemable participating shares are issued.

For ECH the Euro is considered the presentation and functional currency because it is the currency of the primary economic environment in which ECH operates. It reflects ECH's main activity of investing in European equities and Euro denominated investment companies as well as the currency in which ECH's redeemable participating shares are issued.

Transactions and balances:

The values of monetary assets and liabilities which are denominated in a foreign currency are translated using the exchange rate at the balance sheet date. Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction. Realised and unrealised gains and losses resulting from the translation of investments, cash and cash equivalents are reflected in the statement of comprehensive income within net gain/(loss) on financial assets and liabilities at fair value through profit or loss.

### **2.4 Financial assets and financial liabilities at fair value through profit or loss**

Classification:

Investments in investment companies have been designated as financial assets at fair value through profit or loss. All other investments are held for trading and are acquired or incurred principally for the purpose of selling or repurchasing in the short term. Investments sold short are liabilities held for trading and as such are considered financial liabilities at fair value through profit or loss.

Recognition, derecognition and measurement:

Investment transactions are recorded on the trade date. Financial assets and financial liabilities at fair value through profit and loss are initially recognised at fair value. Transaction costs are accounted for as expenses in the statement of comprehensive income. Realised and unrealised gains and losses are determined on an average cost basis.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Investments held by the Company are carried at fair value, determined as follows:

Investments in investment companies are initially recognised as financial assets at fair value through profit or loss and are valued on the basis of net asset value (“NAV”) per share as reported by the administrators or investment managers of those entities as at the end of the reporting period in accordance with industry practice. Such values may be adjusted by the Board of Directors in its judgment to reflect market movements since the report date and to better reflect the fair valuation of such investment.

For investments other than investment companies, traded on a securities exchange, fair value is generally determined by reference to last traded prices on the exchange, without adjustment for transaction costs necessary to realise the asset or extinguish the liability. If traded in over-the-counter markets, instruments are stated by reference to prices obtained from dealers or counterparties.

Forward foreign exchange contracts are considered financial assets or financial liabilities at fair value through profit or loss and are recorded on the trade date and are valued at the applicable foreign exchange rates.

Fair value estimation:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Company utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Transfers between levels of the fair value hierarchy:

Transfers between levels of the fair value hierarchy (if any) are deemed to have occurred at the beginning of the reporting period.

Investments in investment funds:

When investing in investment of funds, the Company typically invests in funds that are not regulated.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These are estimated to range from 0% to 4% per annum (with the majority

currently set at 1.5%) and from 0% to 40% (with the majority currently set at 20%) respectively.

A copy of the full portfolio of each sub-fund at the end of the reporting period, including a statement of changes made to the portfolio of each sub-fund during the period, can be obtained on request by investors free of charge at the office of the Administrator.

## 2.5 Cash and cash equivalents

Cash and cash equivalents include cash at current bank accounts, cash held on deposit, money market instruments, and bank overdrafts. Borrowing costs are recognised immediately as an expense.

The statement of cash flows is presented using the indirect method.

## 2.6 Margin accounts

Margin accounts represent margin deposits held in respect of financial derivative instruments.

## 2.7 Due from and due to investment companies and brokers

Amounts due from and due to investment companies and brokers represent receivables for securities sold and payables for securities purchased that have been contracted but not yet settled or delivered at the end of the reporting period, respectively.

## 2.8 Prepayments on investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, are initially measured at cost, including transaction costs.

## 2.9 Other accounts receivable

Other accounts receivable are measured at their nominal value.

## 2.10 Borrowings from bank

Borrowings from bank are recognised at fair value net of transaction costs incurred. Borrowing costs are recognised immediately as an expense.

## 2.11 Other accounts payable and accrued expenses

Other accounts payable and accrued expenses are measured at their nominal value.

## 2.12 Redeemable participating shares

Redeemable participating shares are redeemable at the shareholders' option at either the end of the month or the end of the calendar quarter (depending on the sub-fund) on giving a certain number of days notice (depending on the sub-fund as specified in the prospectus) and are classified as financial liabilities. The cost of distributions on these shares, if applicable, is recognised in the statement of changes in net assets attributable



## NOTES TO THE FINANCIAL STATEMENTS

to holders of redeemable participating shares. Redemptions are paid at the NAV of the respective class of shares as of the close of business of such date of redemption. Payment shall be made as soon as practicable but in any event no later than 30 days following the applicable redemption date. Redemptions are normally paid in cash but, at the sole discretion of the Company, the Company may elect to distribute securities in kind.

The Company from time to time repurchases its own shares at a discount to the then prevailing NAV per share. The surplus on repurchases of own shares, over and above the redemption fee and the commission paid to the Company's Agent, are recognised in the statement of comprehensive income.

### 2.13 Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all debt instruments using their nominal values.

### 2.14 Dividends

Dividend income and expense are recognised on the ex-dividend date and when the right to receive payment is established. Dividend income is shown gross of withholding taxes. The withholding taxes are shown separately in the statements of comprehensive income.

### 2.15 Expenses

Expenses are charged to the statements of comprehensive income on an accrual basis. Expenses charged at the Company level are allocated to the various sub-funds and the individual classes based on the classes' relative NAVs.

### 2.16 Soft commissions

The Company or its Investment Advisor does not receive any soft commissions.

### 2.17 Taxation

Under current law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended (the "TCA"). On that basis, it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment redemption, transfer or cancellation of shares and any deemed disposal of shares for Irish tax purposes arising as a result of holding shares for a period of eight years or more.

No Irish tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held

by the Company or where the Company has been authorised by Irish Revenue to make gross payments in absence of appropriate declarations.

Distributions, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

## 3. CAPITAL MANAGEMENT POLICES AND PROCEDURES

The Company is established as an umbrella investment company and the investment objectives and policies for each sub-fund are formulated by the Company at the time of creation of each sub-fund and are specified in the relevant Annex to the Prospectus.

Under its two tier system, the Company does not invest directly, but operates through a variety of investment vehicles. Generally, each such investment vehicle is advised by a principal portfolio manager and its team, allowing the Company to benefit from the diversity and experience of professional portfolio managers (the "Managers"). The investment activities of the Company include a wide range of specialised approaches and techniques used by several Managers, who are allowed to operate within their area of expertise with minimal exposed limitations. The Company does not supervise or control the decisions of the Managers, but adds or withdraws capital according to its strategy and its judgment of their performance.

The Board of Directors monitors and reviews compliance of the investment activities with the principal objectives stated in the prospectus. The Company's objectives, policies and processes for managing capital are unchanged from the preceding reporting period and the Company has complied with them.

The amount of redemptions that the Company may accept at each redemption date is not limited by a gate, apart from in respect of Class C shares. The Company endeavours to manage the liquidity profile of its assets with the aim of being able to meet envisaged redemption or repurchase requests and pay redemption or repurchase proceeds, provided that redemption or repurchase of shares and payment of redemption or repurchase proceeds may be delayed or suspended as a result of limitations and/or emergencies described in the prospectus.

Under certain circumstances, as described in the Prospectus, the Company has the power to suspend the right of the holders of shares to require the Company to redeem shares and/or to pay redemption proceeds.

The Company may seek to hedge against currency fluctuations of any class of shares, provided that hedging instruments are available on a timely basis and on acceptable terms.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. DETERMINATION OF NET ASSET VALUE FOR SUBSCRIPTIONS AND REDEMPTIONS

**Net Asset Value (NAV)**

The following note sets out the basis of determination of the NAV used for subscriptions and redemptions during the year which may differ from the basis used in the preparation of these financial statements. The NAV of the Company at the close of any business day is the then aggregate fair market value of the Company's total assets minus its liabilities, other than those attributable to holders of redeemable participating shares, divided by the number of shares then outstanding. In particular (a) listed securities are taken at the last reported bid price (for financial assets) or the last traded ask price (for financial liabilities) on the principal exchange on which they are traded (b) unlisted investments are valued with reference to an independent pricing source, taking into account quotes obtained from dealers and/or market makers, or else the fair-market value as determined by the Board of Directors, and (c) investments in sub-funds are taken at their latest reported net asset values, which may be adjusted by the Board of Directors in its judgment to reflect market movements since the report date, by reference to a recognised market index.

**Estimation**

Because of the nature and scope of the Company's assets, the complexity of their valuation in certain cases, and the inevitable delays in reporting by portfolio managers, the daily calculations of the NAV of each class of shares by the Administrator are estimates according to its best judgment (following the method above described and set out in detail in the Prospectus and the Memorandum and Articles of Incorporation) which may not necessarily correspond with the actual NAV on the relevant date. However, the Company does not make retroactive adjustments in the NAVs previously used for subscriptions and redemptions. Therefore, such transactions are final and binding when made notwithstanding any different later determination. Additionally, the investment companies partly or wholly owned by the Company are typically not publicly traded and management's determination of valuation is considered a fair value estimate.

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2020:

Asian Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	28,467	-	28,467
Greater China	-	46,171	-	46,171
<b>Total investment companies</b>	-	<b>74,638</b>	-	<b>74,638</b>
Forward FX contracts	-	76	-	76
<b>Total financial assets at fair value through profit or loss</b>	-	<b>74,714</b>	-	<b>74,714</b>

The ultimate amount to be received upon a sale of these investments may differ from the estimates.

## 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**5.a. Financial assets and liabilities at fair value through profit or loss**

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which the Company has invested.

Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company's Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

## NOTES TO THE FINANCIAL STATEMENTS

<b>Discovery Capital Holdings</b>	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	122,752	22	122,774
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>122,752</b>	<b>22</b>	<b>122,774</b>

<b>Leveraged Capital Holdings</b>	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	212,794	18,824	231,618
Equity Long Only	-	5,442	-	5,442
Equity Opportunistic	-	-	754	754
Event Driven	-	13,097	-	13,097
Macro and Other	-	39,836	213	40,049
<b>Total investment companies</b>	<b>-</b>	<b>271,169</b>	<b>19,791</b>	<b>290,960</b>
Forward FX contracts	-	3,646	-	3,646
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>274,815</b>	<b>19,791</b>	<b>294,606</b>

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at 30 June 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	126	-	126
Prepayments on investments	-	8,500	-	8,500
Other accounts receivable	-	291	-	291
Cash and cash equivalents	18,078	-	-	18,078
<b>Total</b>	<b>18,078</b>	<b>8,917</b>	<b>-</b>	<b>26,995</b>
<b>Liabilities</b>				
Short term borrowings	(75)	-	-	(75)
Subscriptions received in advance	-	(7,500)	-	(7,500)
Shareholder redemptions payable	-	(231)	-	(231)
Advisory and performance fees payable	-	(1,897)	-	(1,897)
Other accounts payable and accrued expenses	-	(276)	-	(276)
<b>Total</b>	<b>(75)</b>	<b>(9,904)</b>	<b>-</b>	<b>(9,979)</b>



## NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

<b>Asian Capital Holdings</b>	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	32,136	-	32,136
Greater China	-	52,093	-	52,093
<b>Total investment companies</b>	-	<b>84,229</b>	-	<b>84,229</b>
Forward FX contracts	-	2	-	2
<b>Total financial assets at fair value through profit or loss</b>	-	<b>84,231</b>	-	<b>84,231</b>

<b>Discovery Capital Holdings</b>	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	108,766	13,553	122,319
<b>Total financial assets at fair value through profit or loss</b>	-	<b>108,766</b>	<b>13,553</b>	<b>122,319</b>

<b>European Capital Holdings</b>	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Investment companies:</b>				
Equity Long	-	8,923	-	8,923
Equity Long/Short	-	77,537	-	77,537
<b>Total investment companies</b>	-	<b>86,460</b>	-	<b>86,460</b>
<b>Total financial assets at fair value through profit or loss</b>	-	<b>86,460</b>	-	<b>86,460</b>

<b>Leveraged Capital Holdings</b>	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	113,350	17,481	130,831
Equity Opportunistic	-	-	942	942
Event Driven	-	15,406	-	15,406
Macro and Other	-	8,866	-	8,866
<b>Total investment companies</b>	-	<b>137,622</b>	<b>18,423</b>	<b>156,045</b>
Forward FX contracts	-	35	-	35
<b>Total financial assets at fair value through profit or loss</b>	-	<b>137,657</b>	<b>18,423</b>	<b>156,080</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Trading Capital Holdings</b>				
<b>Investment companies:</b>				
Concentrated strategies	-	10,886	82	10,968
Credit	-	4,776	228	5,004
Diversified macro	-	12,172	-	12,172
Emerging markets	-	12,166	-	12,166
<b>Total investment companies</b>	<b>-</b>	<b>40,000</b>	<b>310</b>	<b>40,310</b>
Forward FX contracts	-	5	-	5
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>40,005</b>	<b>310</b>	<b>40,315</b>

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	22,969	-	22,969
Other accounts receivable	-	378	-	378
Cash and cash equivalents	32,890	-	-	32,890
<b>Total</b>	<b>32,890</b>	<b>23,347</b>	<b>-</b>	<b>56,237</b>
<b>Liabilities</b>				
Short term borrowings	(1,051)	-	-	(1,051)
Shareholder redemptions payable	-	(552)	-	(552)
Advisory and performance fees payable	-	(2,237)	-	(2,237)
Other accounts payable and accrued expenses	-	(430)	-	(430)
<b>Total</b>	<b>(1,051)</b>	<b>(3,219)</b>	<b>-</b>	<b>(4,270)</b>

#### 5.b. Investments over 5% of net assets of the Company

Investments over 5% of net assets of the Company as at 30 June 2020 were:

	30/06/20 US\$000	% of NAV
Investment by LCH in DCH	65,099	14.7

Investments over 5% of net assets of the Company as at 31 December 2019 were:

	31/12/19 US\$000	% of NAV
Investment by LCH in DCH	47,669	9.5

**5.c. Investments in sub-funds of the Company**

The Company has adopted the policy to fully disclose all cross-investments in sub-funds of the Company. All cross-investments in sub-funds of the Company are shown below.

Investments in sub-funds of the Company as at 30 June 2020 were:

	Invested in	30/06/20 US\$000	% of NAV
LCH (US\$)	DCH	65,099	14.7

Investments in sub-funds of the Company as at 31 December 2019 were:

	Invested in	31/12/19 US\$000	% of NAV
LCH (US\$)	DCH	47,669	9.5

In order to avoid double charging of fees on cross investments in sub-funds, the investment advisor has agreed to rebate the full amount of advisory fees and performance fees charged on cross investments in any of the sub-funds. The rebate amount is shown in the statement of comprehensive income under Fee rebate.

**5.d. Forward foreign exchange contracts**

The Company enters into forward foreign exchange transactions for the Euro Class B shares and/or ECH, normally with the aim of seeking to hedge the Euro exposure back to the US dollar. Forward foreign exchange contracts are held for trading and are valued at the forward rate and are marked to market on the valuation date.

Included under financial assets at fair value through profit or loss at 30 June 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	2,075	(2,252)	10/07/2020	76
LCH	91,900	(99,667)	10/07/2020	3,646
<b>Total</b>				<b>3,722</b>

Included under financial assets at fair value through profit or loss at 31 December 2019 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	1,995	(2,236)	08/01/2020	2
LCH	32,080	(35,950)	08/01/2020	35
TCH	10,515	(11,784)	08/01/2020	5
<b>Total</b>				<b>42</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6. RELATED PARTY TRANSACTIONS

The following parties should be considered related parties because together they ultimately control the Company: the members of the Board of Directors and LCH Investments NV (including its Board of Directors) in its capacity as Investment Advisor.

Additionally, the following parties, having transactions with the Company, are related because they are affiliated to one of the sponsoring institutions or one of the Directors of the Company:

- Edmond de Rothschild (Suisse) SA: in its capacity as Swiss Paying Agent (annual fee €10,000; 2019: €10,000) and its capacity as Agent of the Company;
- Edmond de Rothschild Asset Management (Suisse) SA: in its capacity as Swiss Representative of the Company (annual fee €3,000; 2019: €3,000);
- KB Associates: as service provider to the Company (annual fee €189,000; 2019: €189,000);
- Londinium Ltd: as service provider to the Company (annual fee €25,000; 2019: €25,000).

Additionally, transactions with any of the sub-funds could be considered related party transactions, since all sub-funds share the same Board of Directors. Transactions with related parties are done on terms that are considered to be in conformity with market rates and are considered to be in the best interest of shareholders.

The total compensation payable to the Agent of the Company in respect of services performed during the period to 30 June 2020 amounted to US\$1,207 (31 December 2019: US\$31,800) with respect to Edmond de Rothschild (Suisse) SA.

As detailed in the prospectus some directors are entitled to receive a fixed annual fee for their services. The total fees payable to these directors on an annual basis amount to €165,000 (31 December 2019: €165,000).

In order to avoid double charging of fees on cross investments in sub-funds, the investment adviser has agreed to rebate the full amount of advisory fees and performance fees charged on cross investments in any of the sub-funds. The rebate amount is shown in the statement of comprehensive income under Fee rebate.

Details of any fees payable to the investment advisers to the Company and the Agent are detailed in the respective related party disclosures of each individual sub-fund. No fees were outstanding at the end of the period with respect to any of the other related parties listed above.

### 7. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used for ACH: €1.00 = US\$1.1219, DCH: €1.00 = US\$1.1233, for ECH: €1.00 = US\$1.1243 (31 December 2019: for ACH: €1.00 = US\$1.1212, for DCH: €1.00 = US\$1.1224, for ECH: €1.00 = US\$1.1224) and for all other funds: €1.00 = US\$1.1233 (31 December 2019: US\$1.1212).

### 8. DESCRIPTION OF MATERIAL CHANGES TO THE PROSPECTUS DURING THE REPORTING PERIOD

There were no material changes to the prospectus during the reporting period.

### 9. SEGREGATION OF LIABILITY

Under the provisions of the Companies Act the Directors shall maintain for each sub-fund a separate portfolio of assets. As between shareholders, each portfolio of assets shall be invested for the exclusive benefit of the relevant sub-fund. The shareholders shall only be entitled to the assets and profits of that sub-fund in which they participate. The Company shall be considered one single legal entity. With regard to third parties, in particular towards the Company's creditors, the Company shall be responsible for all liabilities incurred by a sub-fund exclusively based on the assets of this relevant sub-fund. Among the shareholders, the liabilities of each sub-fund shall only be incurred to the respective sub-fund. As at the date of the Financial Statements, the Directors are not aware of any existing or contingent liability of any sub-fund of the Company.

### 10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.

## 11. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Company has reviewed the impact of Coronavirus (Covid-19) on its activities and operations, including the impact on service providers and found that notwithstanding any impact it may have had on the market value of the investments held by the Company, which are reflected in the published net asset value per share of each sub-fund, Covid-19 has had no direct impact on the Company's activities and operations. The Directors will continue to monitor the Company within the set investment and risk parameters and are continually reviewing the situation in order to navigate the Company through this period of heightened uncertainty.



ASIAN CAPITAL HOLDINGS  
PROFILE

The principal objective of ACH is the appreciation in capital.

ACH predominantly invests indirectly through offshore funds which are wholly or partly owned by ACH. Generally, each offshore fund is advised by a single portfolio manager and its team. The investment activities of the funds thereby comprise a wide range of specialised approaches and techniques used by the managers.

Hence, ACH benefits from the collective services of a group of highly skilled investment managers who are allowed to operate within their area of expertise without imposed limitations. Moreover, due to its two-tier system, ACH is highly flexible in engaging and, when necessary, disengaging the services of investment managers, while at the same time limiting the financial and legal exposure to the size of its investment in an offshore fund.

LCH Investments NV is the Investment Advisor of ACH and advises the fund on the selection of the investment managers. Its Investment Advisory Committee meets regularly to review and select managers in order to position ACH optimally in changing markets.

ACH started operating on 31 March 1993 in Luxembourg and transferred its assets and liabilities to a sub-fund of the Company on 1 March 2017.

The financial year end of ACH is 31 December. In addition to the annual report, which contains audited financial statements, an unaudited interim report for the six month period to 30 June is also published.

ACH normally issues shares daily, at net asset value per share (NAV).

Shares may be redeemed to ACH on the last valuation day of each month, provided that a redemption request must be received no later than the 25th calendar day of the month preceding the month for which the redemption is requested.

For the convenience of investors, Class A and Class B shares of ACH are listed on Eurolist of Euronext Amsterdam NV and are also traded over the counter. However, ACH is not a party to and is not responsible for such secondary market transactions. Investors may purchase and sell through banks and brokers throughout the world.

ASIAN CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

Date	NAV per share Class A - US\$	NAV per share Class B - € <sup>2</sup>	Performance % <sup>3</sup>
31/03/93*	49.52	-	-
31/12/93	67.93	-	37.2
31/12/94	57.38	-	(15.5)
31/12/95	57.21	-	(0.3)
31/12/96	60.25	-	5.3
31/12/97**	51.65	-	(14.3)
31/12/98**	43.64	-	(15.5)
31/12/99**	85.13	-	95.1
31/12/00**	64.80	-	(23.9)
31/12/01**	69.81	-	7.7
31/12/02**	68.53	-	(1.8)
31/12/03**	88.21	-	28.7
31/12/04**	94.38	-	7.0
31/12/05**	107.39	-	13.8
31/12/06**	118.62	-	10.5
31/12/07**	145.80	106.49	22.9
31/12/08**	90.17	65.98	(38.2)
31/12/09**	108.93	79.41	20.8
31/12/10**	117.92	85.55	8.3
31/12/11**	100.99	73.02	(14.4)
31/12/12**	107.84	77.35	6.8
31/12/13**	118.80	84.81	10.2
31/12/14**	127.54	91.15	7.4
31/12/15**	129.21	92.23	1.3
31/12/16**	124.27	87.37	(3.8)
31/12/17**	159.20	110.25	28.1
31/12/18**	136.55	91.96	(14.2)
31/12/19	162.68	106.49	19.1
30/06/20	172.71	111.90	6.2

\* First valuation date

\*\* A dividend of US\$0.25 per Class A share and the equivalent amount in Euro per Class B (based on the then prevailing FX rate per Class B and for the first time in 2008) was paid during each year referred to in respect of the preceding year.

<sup>2</sup> Launched at €100.00 on 27 September 2007

<sup>3</sup> Of Class A shares

Past performance is not necessarily a guide to future performance.

<sup>1</sup> Any data or information relating to periods prior to the transfer date of 1 March 2017 relates to the period that ACH was incorporated in Luxembourg. Furthermore, the data on this page has not been audited since this information does not form part of the audited financial statements.



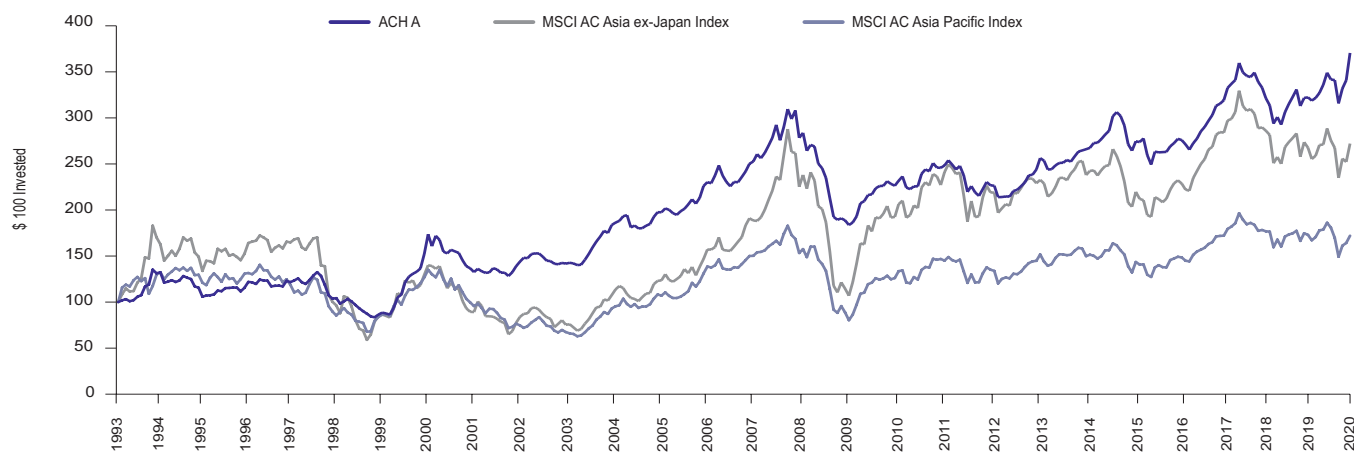
ASIAN CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

	ACH % <sup>4</sup>	MSCI AC Asia ex Japan	MSCI AC Asia Pacific Index
6 months	6.2	(5.7)	(7.5)
1 year p.a.	15.2	(0.6)	(1.4)
3 years p.a.	6.9	1.2	0.7
5 years p.a.	4.3	2.0	1.5
Since Inception p.a.	4.9	3.7	1.9

<sup>4</sup> Of Class A shares, adjusted for dividend payments

<sup>5</sup> MSCI AC Asia Pacific Free

Value of US\$100 Invested



<sup>1</sup> Any data or information relating to periods prior to the transfer date of 1 March 2017 relates to the period that ACH was incorporated in Luxembourg. Furthermore, the data on this page has not been audited since this information does not form part of the audited financial statements.

ASIAN CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/20 US\$000	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	74,714	84,231
Other accounts receivable	2	22	27
Cash and cash equivalents	2, 3	<u>2,826</u>	<u>9,296</u>
<b>Total assets</b>		<u><b>77,562</b></u>	<u><b>93,554</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	2, 3	(21)	(15)
Advisory and performance fees payable		(412)	(446)
Other accounts payable and accrued expenses	2	<u>(50)</u>	<u>(72)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(483)</u>	<u>(533)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<u><b>77,079</b></u>	<u><b>93,021</b></u>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$172.71</b>	<b>US\$162.68</b>
<b>Net asset value per Class B redeemable participating share</b>		<b>€111.90</b>	<b>€106.49</b>

ASIAN CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	3,591	6,095
- Change in unrealised gains/(losses)	6	299	3,015
Interest income	2	-	42
Surplus on repurchase of own shares	2	12	-
Other income		9	13
<b>Total income/(loss)</b>		<b>3,911</b>	<b>9,165</b>
<b>Operating expenses</b>			
Advisory and performance fees	7	(823)	(666)
Administration fees	8	(28)	(43)
Audit fees		(18)	(21)
Other operating expenses	9	(108)	(74)
<b>Total operating expenses</b>		<b>(977)</b>	<b>(804)</b>
<b>Operating profit/(loss)</b>		<b>2,934</b>	<b>8,361</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(28)	(55)
Interest expense short term borrowings	2, 3	(1)	(1)
Interest expense	2	(2)	-
<b>Total finance costs</b>		<b>(31)</b>	<b>(56)</b>
<b>Profit/(loss) before taxation</b>		<b>2,903</b>	<b>8,305</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>2,903</b>	<b>8,305</b>

All amounts arose solely from continuing operations. There are no gains or losses other than those dealt with in the statement of comprehensive income.

ASIAN CAPITAL HOLDINGS  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>93,021</b>	<b>85,220</b>
Increase from redeemable participating shares issued	5	-	184
Decrease due to redeemable participating shares repurchased	5	<u>(18,845)</u>	<u>(2,781)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(18,845)</b>	<b>(2,597)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>2,903</u>	<u>8,305</u>
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>		<u><b>77,079</b></u>	<u><b>90,928</b></u>

ASIAN CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		2,903	8,305
<b>Adjustments for:</b>			
Interest income		-	(42)
Surplus on repurchase of own shares		(12)	-
Other income		(9)	(13)
Finance costs		31	56
<b>Net changes in:</b>			
Due from investment companies and brokers		-	(10,560)
Prepayments on investments		-	(8,000)
Other accounts receivable		5	(13)
Advisory and performance fees payable		(34)	558
Other accounts payable and accrued expenses		(22)	(30)
Financial assets at fair value through profit or loss		9,517	1,363
Financial liabilities at fair value through profit or loss		-	(27)
Interest income received		-	42
Surplus on repurchase of own shares received		12	-
Other income received		9	13
Finance costs paid		(31)	(56)
<b>Net cash from operating activities</b>		<b>12,369</b>	<b>(8,404)</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		6	15
Proceeds from redeemable participating shares issued		-	184
Paid on redeemable participating shares repurchased		(18,845)	(2,781)
<b>Net cash from financing activities</b>		<b>(18,839)</b>	<b>(2,582)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,470)</b>	<b>(10,986)</b>
Cash and cash equivalents at 1 January		9,296	13,329
<b>Cash and cash equivalents at 30 June</b>	<b>2, 3</b>	<b>2,826</b>	<b>2,343</b>

The notes on pages 47 to 53 are an integral part of these financial statements

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out in note 2 to the financial statements of The Capital Holdings Funds plc.

3. CASH AND CASH EQUIVALENTS

As at	30/06/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	2,826	9,296
<b>Total cash and cash equivalents</b>	<b>2,826</b>	<b>9,296</b>

For purposes of the statement of cash flows, cash and cash equivalents comprise cash at current bank accounts, cash held on deposit and bank overdrafts.

During the reporting period, ACH maintained a line of credit with Amathea Lending Designated Activity Company, on which ACH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period, the committed line of credit amounted to US\$11 million (31 December 2019: US\$11 million).

ACH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period, ACH had drawn an amount of US\$0.02 million (31 December 2019: US\$0.02 million).

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**4.a. Financial assets and liabilities at fair value through profit or loss**

ACH classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which ACH has invested.
- Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company’s Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the Level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model’s results have historically aligned most closely to actual market transactions.

If any part of an investment fund is considered to be a Level 3 asset, the entire holding is reported below as Level 3.

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	28,467	-	28,467
Greater China	-	46,171	-	46,171
<b>Total investment companies</b>	-	<b>74,638</b>	-	<b>74,638</b>
Forward FX contracts	-	76	-	76
<b>Total financial assets at fair value through profit or loss</b>	-	<b>74,714</b>	-	<b>74,714</b>

During the period ended 30 June 2020, ACH held no Level 3 investments.

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	32,136	-	32,136
Greater China	-	52,093	-	52,093
<b>Total investment companies</b>	-	<b>84,229</b>	-	<b>84,229</b>
Forward FX contracts	-	2	-	2
<b>Total financial assets at fair value through profit or loss</b>	-	<b>84,231</b>	-	<b>84,231</b>

The following table presents the movement of Level 3 investments for the year ended 31 December 2019 by category of investment:

	Asia US\$000	Total US\$000
Opening balance	738	738
Sales	(638)	(638)
Gains/(losses) recognised	(100)	(100)
<b>Closing balance</b>	-	-

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2019, there were no transfers between the different levels of the hierarchy.

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 30 June 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Other accounts receivable	-	22	-	22
Cash and cash equivalents	2,826	-	-	2,826
<b>Total</b>	<b>2,826</b>	<b>22</b>	<b>-</b>	<b>2,848</b>
<b>Liabilities</b>				
Short-term borrowings	(21)	-	-	(21)
Advisory and performance fees payable	-	(412)	-	(412)
Other accounts payable and accrued expenses	-	(50)	-	(50)
<b>Total</b>	<b>(21)</b>	<b>(462)</b>	<b>-</b>	<b>(483)</b>

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Other accounts receivable	-	27	-	27
Cash and cash equivalents	9,296	-	-	9,296
<b>Total</b>	<b>9,296</b>	<b>27</b>	<b>-</b>	<b>9,323</b>
<b>Liabilities</b>				
Short-term borrowings	(15)	-	-	(15)
Advisory and performance fees payable	-	(446)	-	(446)
Other accounts payable and accrued expenses	-	(72)	-	(72)
<b>Total</b>	<b>(15)</b>	<b>(518)</b>	<b>-</b>	<b>(533)</b>

#### 4.b. Condensed schedule of investments

A condensed schedule of investments of ACH as at 30 June 2020 was:

	30/06/20 US\$000	% of NAV
Value Partners Classic Fund	13,797	17.9
Fenghe Asia (USTE) Fund Ltd	9,489	12.3
MW Tops China UCITS Fund	9,199	11.9
Brilliant US Feeder 2 Fund Ltd	8,590	11.1
Anatole Partners Ltd	8,392	10.9
SPQ Asia Opportunities Fund Limited	7,691	10.0
Tree Line Asia Fund	7,094	9.2
TX Capital Value Fund	4,101	5.3
Other investments	6,361	8.3
<b>Total financial assets at fair value through profit or loss</b>	<b>74,714</b>	



ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

A condensed schedule of investments of ACH as at 31 December 2019 was:

	31/12/19 US\$000	% of NAV
Value Partners Classic Fund	17,851	19.2
Fenghe Asia (USTE) Fund Ltd	11,026	11.9
Tree Line Asia Fund	10,752	11.6
Brilliant US Feeder 2 Fund Ltd	9,156	9.8
MW Tops China UCITS Fund	8,371	9.0
SPQ Asia Opportunities Fund Limited	7,679	8.3
Anatole Partners Ltd	7,089	7.6
Golden China Fund	4,792	5.2
Other investments	7,515	8.0
<b>Total financial assets at fair value through profit or loss</b>	<b>84,231</b>	

#### 4.c. Forward foreign exchange contracts

ACH enters into forward foreign exchange transactions for the Euro Class B shares, normally with the aim of seeking to hedge the Euro exposure back to the US dollar. Forward foreign exchange contracts are held for trading and are valued at the forward rate and are marked to market on the valuation date.

Included under financial assets at fair value through profit or loss at 30 June 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	2,075	(2,252)	10/07/2020	76
<b>Total</b>				<b>76</b>

Included under financial assets at fair value through profit or loss at 31 December 2019 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	1,995	(2,236)	08/01/2020	2
<b>Total</b>				<b>2</b>

#### 5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

ACH has no share capital for accounting purposes as all of ACH's shares are redeemable participating shares. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the period to 30 June 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	90,727	2,294	93,021
Redemptions	(18,817)	(28)	(18,845)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>2,787</u>	<u>116</u>	<u>2,903</u>
<b>Redeemable participating shares at 30 June 2020 - US\$</b>	<b>74,697</b>	<b>2,382</b>	<b>77,079</b>
<b>Redeemable participating shares at 30 June 2020 - €</b>	<b>-</b>	<b>2,123</b>	<b>-</b>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	557,691	19,211	576,902
Redemptions	<u>(125,203)</u>	<u>(236)</u>	<u>(125,439)</u>
<b>Shares outstanding at 30 June 2020</b>	<b>432,488</b>	<b>18,975</b>	<b>451,463</b>
<b>Net asset value per redeemable participating share at 30 June 2020</b>	<b>US\$172.71</b>	<b>€111.90</b>	

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the period to 30 June 2019 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2019	83,132	2,088	85,220
Subscriptions	184	-	184
Redemptions	(2,732)	(49)	(2,781)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>8,145</u>	<u>160</u>	<u>8,305</u>
<b>Redeemable participating shares at 30 June 2019 - US\$</b>	<b>88,729</b>	<b>2,199</b>	<b>90,928</b>
<b>Redeemable participating shares at 30 June 2019 - €</b>	<b>-</b>	<b>1,931</b>	<b>-</b>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2019	608,817	19,861	628,678
Subscriptions	1,276	-	1,276
Redemptions	<u>(18,467)</u>	<u>(440)</u>	<u>(18,907)</u>
<b>Shares outstanding at 30 June 2019</b>	<b>591,626</b>	<b>19,421</b>	<b>611,047</b>
<b>Net asset value per redeemable participating share at 30 June 2019</b>	<b>US\$149.97</b>	<b>€99.42</b>	

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 June	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	3,728	6,335
Realised loss on financial assets and liabilities at fair value through profit or loss	(137)	(240)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>3,591</b>	<b>6,095</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	6,110	8,748
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(5,811)	(5,733)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>299</b>	<b>3,015</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>3,890</b>	<b>9,110</b>

In respect of the ACH Class B Euro denominated shares, ACH seeks to hedge against currency fluctuations in non-Euro denominated portfolio investments. The profit or loss on such hedging is shown above.

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2020 US\$000	2019 US\$000
Advisory fees	(592)	(666)
Performance fees	(231)	-
<b>Total</b>	<b>(823)</b>	<b>(666)</b>

LCH Investments NV is entitled to an amount in cash of 1.5% per annum of the net asset value of Class A Shares and Class B Shares. Such fees accruing on the basis of the net asset value at the close of each business day prior to taking into account any accrued performance fees as described below and payable monthly.

The Investment Advisor is entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of Class A Shares and Class B Shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee is accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

8. ADMINISTRATION FEES

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator (up to 28 February 2019 BNP Paribas Fund Administration Services (Ireland) Limited was the Administrator).

From 1 March 2019, the Administrator fees are calculated based on the net assets of ACH at the last business day of each month. The per annum fee rates were as follows: 0.0575% on the first US\$50 million, 0.0475% on the next US\$50 million and 0.0350% on net assets in excess of US\$100 million.

Prior to 1 March 2019, the Administrator fees are calculated based on the net assets of ACH at the last business day of each month. The per annum fee rates were as follows: 0.075% on the first US\$200 million, 0.06% on the next US\$200 million and 0.05% on net assets in excess of US\$400 million.

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER OPERATING EXPENSES

For the period ended 30 June	2020 US\$000	2019 US\$000
Directors fees	(16)	(13)
Depositary fees	(11)	(14)
Other Administrator fees	(14)	(6)
Other professional fees	(19)	(21)
Legal fees	(7)	(11)
Paying agent and related fees	(18)	(2)
Professional liability insurance	(10)	-
Regulatory fees	(1)	(2)
Miscellaneous expenses	(12)	(5)
<b>Total</b>	<b>(108)</b>	<b>(74)</b>

## 10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used: €1.00 = US\$1.1219 (31 December 2019: US\$1.1212).

## 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.



## DISCOVERY CAPITAL HOLDINGS PROFILE

The principal objective of DCH is the appreciation in capital through gaining exposure to underlying funds who are in a development phase and in underlying funds with limited history and on managers of underlying funds with small amounts of assets under management. DCH has not paid any dividend since its inception.

Under its two-tier system DCH does not invest directly but operates through offshore funds which are wholly or partly owned by DCH. Generally, each offshore fund is advised by a single portfolio manager and its team. The investment activities of the funds thereby comprise a wide range of specialised approaches and techniques used by the managers.

Hence, DCH benefits from the collective services of a group of highly skilled investment managers who are allowed to operate within their area of expertise without imposed limitations.

Moreover, due to its two-tier system, DCH is highly flexible in engaging and, when necessary, disengaging the services of investment managers, while at the same time limiting the financial and legal exposure to the size of its investment in an offshore fund.

DCH's investment policy includes conferring assets on portfolio managers who are in a development phase and in investment vehicles with limited history and on managers with small amounts of assets under management.

LCH Investments NV is the Investment Advisor of DCH and advises the fund on the selection of the investment managers. Its Investment Advisory Committee meets regularly to review and select managers in order to position DCH optimally in changing markets.

DCH started operating on 1 February 2000 in Curaçao (as Galilei Fund NV and was renamed into Discovery Capital Holdings NV on 10 April 2013) and merged with a sub-fund of the Company on 1 January 2015. Since its inception, DCH has been able to realise a considerable increase in the net asset value per share, substantially above US stockmarket indices and with lower volatility. However, past performance is not necessarily a guide to future performance.

The financial year end of DCH is 31 December. In addition to the annual report, which contains audited financial statements, an unaudited interim report for the six month period to 30 June is also published.

Shares are issued by DCH monthly, on the basis of net asset value. Shares are issued in US dollar. Shares may be redeemed at the end of each quarter with 45 business days' notice at net asset value (in the case of Class C up to a certain maximum as outlined in the prospectus). The redemption of shares may be postponed under certain circumstances, as described in the prospectus.

DISCOVERY CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

Date	NAV per share Class A - US\$	NAV per share Class C - US\$	Performance <sup>3</sup> %
31/01/00†	500.00		
31/12/00	641.18		28.2
31/12/01	708.40		10.5
31/12/02	713.43		0.7
31/12/03	832.33		16.7
31/12/04	1,072.03		28.8
31/12/05	1,244.88		16.1
31/12/06	1,352.46		8.6
31/12/07	1,681.60		24.3
31/12/08	1,370.74		(18.5)
31/12/09	1,271.57		(7.2)
31/12/10	1,363.49		7.2
31/12/11	1,368.98		0.4
31/12/12	1,594.03		16.4
31/12/13††	188.16		18.0
31/12/14	185.60		(1.4)
31/12/15	177.17		(4.5)
31/12/16	184.02		3.9
31/12/17	204.46		11.1
31/12/18	188.87	189.47	(7.6)
31/12/19	208.77	210.81	10.5
30/06/20	224.45	227.19	7.5

	DCH <sup>3</sup> %	S&P500 <sup>2</sup> %
6 months	7.5	(3.4)
1 year p.a.	8.8	6.9
3 years p.a.	5.5	10.1
5 years p.a.	3.7	10.0
Since Inception p.a.	7.6	5.4

<sup>2</sup> S&P500 (70% dividend reinvested)

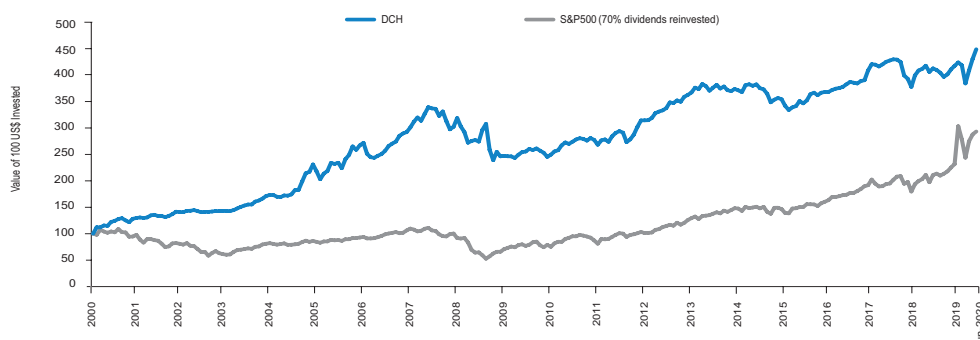
<sup>3</sup> Of Class A US\$ shares

† Inception at 31 January 2000 | †† Split of 10 for 1 on 30 June 2013

Important note: The performance of DCH up to 30 June 2013 represents the investment return actually achieved by Leveraged Capital Holdings NV (LCH) in its portfolio of smaller emerging managers. DCH became available to investors other than to LCH on 1 July 2013.

Past performance is not necessarily a guide to future performance.

Value of US\$100 Invested



Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that DCH was incorporated in Curaçao.

DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/2020 US\$000	31/12/2019 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	122,774	122,319
Due from investment companies and brokers	2	126	5,150
Prepayments on investments	2	1,000	-
Other accounts receivable	2	26	35
Cash and cash equivalents	2, 3	9,959	345
<b>Total assets</b>		<b><u>133,885</u></b>	<b><u>127,849</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings	2, 3	(25)	(1,017)
Subscriptions received in advance		(7,500)	-
Advisory and performance fees payable		(741)	(533)
Other accounts payable and accrued expenses	2	(59)	(70)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(8,325)</u>	<u>(1,620)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b><u>125,560</u></b>	<b><u>126,229</u></b>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$224.45</b>	<b>US\$208.77</b>
<b>Net asset value per Class C redeemable participating share</b>		<b>US\$227.19</b>	<b>US\$210.81</b>

The notes on pages 61 to 66 are an integral part of these financial statements



DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	1,456	8,130
- Change in unrealised gains/(losses)	6	7,781	4,112
Interest income	2	-	43
Other income		14	2
<b>Total income/(loss)</b>		<b>9,251</b>	<b>12,287</b>
<b>Operating expenses</b>			
Advisory and performance fees	7	(1,261)	(913)
Administrator fees	8	(28)	(39)
Audit fees		(16)	(28)
Other operating expenses	9	(117)	(96)
<b>Total operating expenses</b>		<b>(1,422)</b>	<b>(1,076)</b>
<b>Operating profit/(loss)</b>		<b>7,829</b>	<b>11,211</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(55)	(105)
Interest expense short term borrowings	2, 3	(22)	(1)
Interest expense	2	(7)	-
<b>Total finance costs</b>		<b>(84)</b>	<b>(106)</b>
<b>Profit/(loss) before taxation</b>		<b>7,745</b>	<b>11,105</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>7,745</b>	<b>11,105</b>

All amounts arose solely from continuing operations. There are no gains or losses other than those dealt with in the statement of comprehensive income.

DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>126,229</b>	<b>118,137</b>
Increase from redeemable participating shares issued	5	13,000	3,000
Decrease due to redeemable participating shares repurchased	5	<u>(21,414)</u>	<u>(388)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(8,414)</b>	<b>2,612</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>7,745</u>	<u>11,105</u>
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>		<b><u>125,560</u></b>	<b><u>131,854</u></b>

The notes on pages 61 to 66 are an integral part of these financial statements

DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		7,745	11,105
<b>Adjustments for:</b>			
Interest income		-	(43)
Other income		(14)	(2)
Finance costs		84	106
<b>Net changes in:</b>			
Due from investment companies and brokers		5,024	5,184
Prepayments on investments		(1,000)	1,000
Other accounts receivable		9	(14)
Advisory and performance fees payable		208	746
Other accounts payable and accrued expenses		(11)	2
Financial assets at fair value through profit or loss		(455)	(27,216)
Interest income received		-	43
Other income received		14	2
Finance costs paid		(84)	(106)
<b>Net cash from operating activities</b>		<b>11,520</b>	<b>(9,193)</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		(992)	17
Proceeds from redeemable participating shares issued		20,500	3,000
Paid on redeemable participating shares repurchased		(21,414)	(388)
<b>Net cash from financing activities</b>		<b>(1,906)</b>	<b>2,629</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,614</b>	<b>(6,564)</b>
Cash and cash equivalents at 1 January		345	7,977
<b>Cash and cash equivalents at 30 June</b>	<b>2, 3</b>	<b>9,959</b>	<b>1,413</b>

The notes on pages 61 to 66 are an integral part of these financial statements

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out in note 2 to the financial statements of The Capital Holdings Funds plc.

3. CASH AND CASH EQUIVALENTS

As at	30/06/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	9,954	345
Cash €	5	-
<b>Total cash and cash equivalents</b>	<b>9,959</b>	<b>345</b>

For purposes of the statement of cash flows, cash and cash equivalents comprise cash at current bank accounts, cash held on deposit and bank overdrafts.

During the reporting period, DCH maintained a line of credit with Amatheia Lending Designated Activity Company, on which DCH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period, the committed line of credit amounted to US\$23 million (31 December 2019: US\$23 million).

DCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depository. At the end of the reporting period, DCH had drawn an amount of US\$0.03 million (31 December 2018: US\$1.02 million).

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**4.a. Financial assets and liabilities at fair value through profit or loss**

DCH classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which DCH has invested.

Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company’s Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the Level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model’s results have historically aligned most closely to actual market transactions.

If any part of an investment fund is considered to be a Level 3 asset, the entire holding is reported below as Level 3.

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	122,752	22	122,774
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>122,752</b>	<b>22</b>	<b>122,774</b>

The following table presents the movement of Level 3 investments for the period ended 30 June 2020 by category of investment:

	Emerging Managers US\$000	Total US\$000
Opening balance	13,553	13,553
Purchases	-	-
Sales	(304)	(304)
Transfers into/(out of) Level 3	(12,947)	(12,947)
Gains/(losses) recognised	(280)	(280)
<b>Closing balance</b>	<b>22</b>	<b>22</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period.

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	108,766	13,553	122,319
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>108,766</b>	<b>13,553</b>	<b>122,319</b>

The following table presents the movement of Level 3 investments for the year ended 31 December 2019 by category of investment:

	Emerging Managers US\$000	Total US\$000
Opening balance	-	-
Sales	(2,457)	(2,457)
Transfers into/(out of) Level 3	13,188	13,188
Gains/(losses) recognised	2,822	2,822
<b>Closing balance</b>	<b>13,553</b>	<b>13,553</b>

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2019, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 30 June 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	126		126
Prepayments on investments	-	1,000	-	1,000
Other accounts receivable	-	26	-	26
Cash and cash equivalents	9,959	-	-	9,959
<b>Total</b>	<b>9,959</b>	<b>1,152</b>	<b>-</b>	<b>11,111</b>
<b>Liabilities</b>				
Short term borrowings	(25)	-	-	(25)
Subscriptions received in advance	-	(7,500)	-	(7,500)
Advisory and performance fees payable	-	(741)	-	(741)
Other accounts payable and accrued expenses	-	(59)	-	(59)
<b>Total</b>	<b>(25)</b>	<b>(8,300)</b>	<b>-</b>	<b>(8,325)</b>

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	5,150	-	5,150
Other accounts receivable	-	35	-	35
Cash and cash equivalents	345	-	-	345
<b>Total</b>	<b>345</b>	<b>5,185</b>	<b>-</b>	<b>5,530</b>
<b>Liabilities</b>				
Short term borrowings	(1,017)	-	-	(1,017)
Advisory and performance fees payable	-	(533)	-	(533)
Other accounts payable and accrued expenses	-	(70)	-	(70)
<b>Total</b>	<b>(1,017)</b>	<b>(603)</b>	<b>-</b>	<b>(1,620)</b>

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

#### 4.b. Condensed schedule of investments

A condensed schedule of investments of DCH as at 30 June 2020 was:

	30/06/20 US\$000	% of NAV
Bishop Rock Opportunity Offshore Fund Ltd	13,347	10.6
Armistice Capital Offshore Fund Ltd	13,082	10.4
Honeycomb Offshore Fund Ltd	12,097	9.6
Sunriver Fund Ltd	11,989	9.5
Jeneq Fund Ltd	9,158	7.3
Freshford Fund Ltd	8,893	7.1
Whale Rock Flagship Fund Ltd	7,960	6.3
Two Creeks Capital Offshore Fund Ltd	7,421	5.9
Other investments	38,827	31.1
<b>Total financial assets at fair value through profit or loss</b>	<b>122,774</b>	

A condensed schedule of investments of DCH as at 31 December 2019 was:

	31/12/19 US\$000	% of NAV
Armistice Capital Offshore Fund Ltd	13,608	10.8
Sunriver Fund Ltd	13,310	10.5
Bishop Rock Opportunity Offshore Fund Ltd	13,152	10.4
Freshford Fund Ltd	12,567	10.0
Honeycomb Offshore Fund Ltd	11,180	8.9
Castle Hook Offshore Fund Ltd	8,438	6.7
Two Creeks Capital Offshore Fund Ltd	8,135	6.4
Other investments	41,929	33.2
<b>Total financial assets at fair value through profit or loss</b>	<b>122,319</b>	

#### 5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

DCH has no share capital for accounting purposes as all of DCH's shares are redeemable participating shares. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 30 June 2020 are summarised below:

US\$000	Class A	Class C	Total
Redeemable participating shares at 1 January 2020	93,065	33,164	126,229
Subscriptions	13,000	-	13,000
Redemptions	(21,414)	-	(21,414)
Net increase/(decrease) in redeemable participating shares resulting from operations	5,169	2,576	7,745
<b>Redeemable participating shares at 30 June 2020 - US\$</b>	<b>89,820</b>	<b>35,740</b>	<b>125,560</b>

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Shares	Class A	Class C	Total
Shares outstanding at 1 January 2020	445,780	157,313	603,093
Subscriptions	61,709	-	61,709
Redemptions	(107,312)	-	(107,312)
<b>Shares outstanding at 30 June 2020</b>	<b>400,177</b>	<b>157,313</b>	<b>557,490</b>
<b>Net asset value per redeemable participating share at 30 June 2020</b>	<b>US\$224.45</b>	<b>US\$227.19</b>	

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 30 June 2019 are summarised below:

US\$000	Class A	Class C	Class X	Total
Redeemable participating shares at 1 January 2019	90,223	27,021	893	118,137
Subscriptions	-	3,000	-	3,000
Redemptions	(388)	-	-	(388)
Net increase/(decrease) in redeemable participating shares resulting from operations	8,352	2,664	89	11,105
<b>Redeemable participating shares at 30 June 2019 - US\$</b>	<b>98,187</b>	<b>32,685</b>	<b>982</b>	<b>131,854</b>

Shares	Class A	Class C	Class X	Total
Shares outstanding at 1 January 2019	477,698	142,614	4,703	625,015
Subscriptions	-	14,699	-	14,699
Redemptions	(1,934)	-	-	(1,934)
<b>Shares outstanding at 30 June 2019</b>	<b>475,764</b>	<b>157,313</b>	<b>4,703</b>	<b>637,780</b>
<b>Net asset value per redeemable participating share at 30 June 2019</b>	<b>US\$206.38</b>	<b>US\$207.77</b>	<b>US\$208.81</b>	

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 June	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	3,024	11,082
Realised loss on financial assets and liabilities at fair value through profit or loss	(1,568)	(2,952)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>1,456</b>	<b>8,130</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	10,066	4,654
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(2,285)	(542)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>7,781</b>	<b>4,112</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>9,237</b>	<b>12,242</b>



DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

## 7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2020 US\$000	2019 US\$000
Advisory fees	(795)	(865)
Performance fees	<u>(466)</u>	<u>(48)</u>
<b>Total</b>	<b><u>(1,261)</u></b>	<b><u>(913)</u></b>

LCH Investments NV is entitled to an amount in cash of 1.5% per annum of the net asset value of Class A Shares, 1.0% per annum of the net asset value of Class C Shares and 0.25% per annum of the net asset value of Class X Shares. Such fees accruing on the basis of the net asset value at the close of each business day prior to taking into account any accrued performance fees as described below and payable monthly.

The Investment Advisor is entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of Class A Shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee is accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

## 8. ADMINISTRATION FEES

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator (up to 28 February 2019 BNP Paribas Fund Administration Services (Ireland) Limited was the Administrator).

From 1 March 2019, the Administrator fees are calculated based on the net assets of DCH at the last business day of each month. The per annum fee rates were as follows: 0.04% on the first US\$50 million, 0.03% on the next US\$50 million and 0.02% on net assets in excess of US\$100 million.

Prior to 1 March 2019, the Administrator fees are calculated based on the net assets of DCH at the last business day of each month. The per annum fee rates were as follows: 0.10% on the first US\$250 million, 0.09% on the next US\$250 million and 0.08% on net assets in excess of US\$500 million.

## 9. OTHER OPERATING EXPENSES

For the period ended 30 June	2020 US\$000	2019 US\$000
Directors fees	(22)	(18)
Depositary fees	(17)	(16)
Other Administrator fees	(17)	(7)
Other professional fees	(27)	(30)
Legal fees	(7)	(17)
Professional liability insurance	(16)	-
Regulatory fees	(2)	(2)
Miscellaneous expenses	<u>(9)</u>	<u>(6)</u>
<b>Total</b>	<b><u>(117)</u></b>	<b><u>(96)</u></b>

## 10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used: €1.00 = US\$1.1233 (31 December 2019: US\$1.1224).

## 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.



## EUROPEAN CAPITAL HOLDINGS PROFILE

The principal objective of European Capital Holdings (“ECH”) was the appreciation in capital through investments in equities, both long and short, principally in Europe, and to a lesser extent in other strategies, including global macro. ECH has not paid any dividend since its inception.

Under its two-tier system, ECH did not invest directly, but operated through a variety of investment vehicles. Generally, each such investment vehicle was advised by a principal portfolio manager and its team, allowing ECH to benefit from the diversity and experience of professional portfolio managers. The investment activities of ECH included a wide range of specialised approaches and techniques used by the several managers.

The recommendation of investment managers was entrusted to the Investment Advisory Committee of the Advisory Company, whose members met regularly to review and select managers in order to position ECH optimally in changing markets. The managers were generally based or had an operation conducting investment research in Europe.

ECH started operating on 2 November 1998 in Luxembourg (as European Capital Holdings SICAV) and transferred its assets and liabilities to a sub-fund of the Company on 23 December 2014. ECH merged its operations with LCH with effect from 1 March 2020 and shareholders received LCH shares in exchange for their ECH shares.

EUROPEAN CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

Date	NAV per share Class B - €	Performance %
02/11/98*	100.00	-
31/12/98	101.61	1.6
31/12/99	128.32	26.3
31/12/00	147.11	14.6
31/12/01	147.02	(0.1)
31/12/02	145.20	(1.2)
31/12/03	158.98	9.5
31/12/04	174.69	9.9
31/12/05	199.30	14.1
31/12/06	223.12	12.0
31/12/07	239.27	7.2
31/12/08	181.36	(24.2)
31/12/09	200.44	10.5
31/12/10	232.59	16.0
31/12/11	211.35	(9.1)
31/12/12	228.72	8.2
31/12/13	269.37	17.8
31/12/14	279.56	3.8
31/12/15	291.69	4.3
31/12/16	270.60	(7.2)
31/12/17	282.33	4.3
31/12/18	262.86	(6.9)
31/12/19	286.52	9.0
28/02/20**	277.60	(3.1)
*Inception		
**merger with Leveraged Capital Holdings		

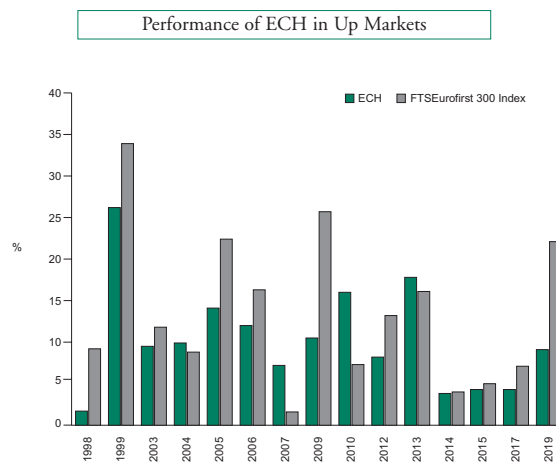
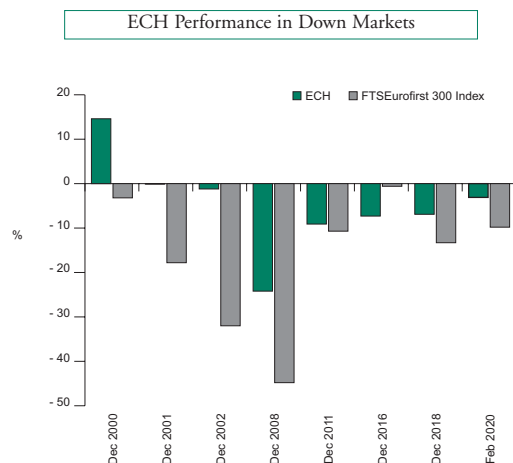
<sup>1</sup> Any data or information relating to periods prior to the transfer date of 23 December 2014 relates to the period that ECH was incorporated in Luxembourg.

EUROPEAN CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

	ECH %	Index %
2 months	(3.1)	(9.8)
1 year p.a.	2.5	0.0
3 years p.a.	0.5	0.1
5 years p.a.	(0.8)	(1.3)
Since Inception p.a.	4.9	1.4



Index: FTSEurofirst 300



<sup>1</sup> Any data or information relating to periods prior to the transfer date of 23 December 2014 relates to the period that ECH was incorporated in Luxembourg.

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/20 €000 <sup>1</sup>	31/12/19 €000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	-	86,460
Due from investment companies and brokers	2	-	3,936
Other accounts receivable	2	-	29
Cash and cash equivalents	2, 3	-	7,344
<b>Total assets</b>		<u>-</u>	<u>97,769</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Shareholder redemptions payable		-	(492)
Advisory and performance fees payable		-	(371)
Other accounts payable and accrued expenses	2	-	(71)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>-</u>	<u>(934)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<u>-</u>	<u>96,835</u>
<b>Net asset value per Class B redeemable participating share</b>		-	<b>€286.52</b>

<sup>1</sup> The financial statements of ECH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 March 2020 and shareholders received LCH shares in exchange for their ECH shares.

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	13,401	(323)
- Change in unrealised gains/(losses)	6	(15,960)	6,978
Fee rebate		8	7
Surplus on repurchase of own shares	2	67	225
Other income		1	2
<b>Total income/(loss)</b>		<b>(2,483)</b>	<b>6,889</b>
<b>Operating expenses</b>			
Advisory and performance fees	7	(225)	(819)
Administration fees	8	(9)	(50)
Audit fees		(2)	(33)
Other operating expenses	9	(49)	(103)
<b>Total operating expenses</b>		<b>(285)</b>	<b>(1,005)</b>
<b>Operating profit/(loss)</b>		<b>(2,768)</b>	<b>5,884</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(10)	(57)
Interest expense short term borrowings	2, 3	-	(14)
Interest expense	2	(9)	-
<b>Total finance costs</b>		<b>(19)</b>	<b>(71)</b>
<b>Profit/(loss) before taxation</b>		<b>(2,787)</b>	<b>5,813</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>(2,787)</b>	<b>5,813</b>

<sup>1</sup> The financial statements of ECH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 March 2020 and shareholders received LCH shares in exchange for their ECH shares.

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>96,835</b>	<b>123,147</b>
Decrease due to redeemable participating shares repurchased	5	<u>(94,048)</u>	<u>(19,893)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(94,048)</b>	<b>(19,893)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(2,787)</u>	<u>5,813</u>
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>		<u><u>-</u></u>	<u><u>109,067</u></u>

<sup>1</sup> The financial statements of ECH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 March 2020 and shareholders received LCH shares in exchange for their ECH shares.



EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		(2,787)	5,813
<b>Adjustments for:</b>			
Surplus on repurchase of own shares		(67)	(225)
Other income		(1)	(2)
Finance costs		19	71
<b>Net changes in:</b>			
Due from investment companies and brokers		3,936	5,522
Other accounts receivable		29	(348)
Proceeds from sale of investment companies received in advance		-	(175)
Advisory and performance fees payable		(371)	664
Other accounts payable and accrued expenses		(71)	9
Financial assets at fair value through profit or loss		86,460	4,223
Financial liabilities at fair value through profit or loss		-	(44)
Surplus on repurchase of own shares received		67	225
Other income received		1	2
Finance costs paid		(19)	(71)
<b>Net cash from operating activities</b>		<b>87,196</b>	<b>15,664</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		-	2,000
Paid on redeemable participating shares repurchased		(94,540)	(19,893)
<b>Net cash from financing activities</b>		<b>(94,540)</b>	<b>(17,893)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,344)</b>	<b>(2,229)</b>
Cash and cash equivalents at 1 January		7,344	4,230
<b>Cash and cash equivalents at 30 June</b>	<b>2, 3</b>	<b>-</b>	<b>2,001</b>

<sup>1</sup> The financial statements of ECH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 March 2020 and shareholders received LCH shares in exchange for their ECH shares.

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out in note 2 to the financial statements of The Capital Holdings Funds plc.

Following the merger of operations with LCH as at 1 March 2020, the financial statements of ECH are no longer prepared on a going concern basis.

3. CASH AND CASH EQUIVALENTS

As at	30/06/20 €000	31/12/19 €000
Cash at bank:		
Cash US\$	-	29
Cash €	-	7,315
<b>Net cash and cash equivalents</b>	<b>-</b>	<b>7,344</b>

For purposes of the statement of cash flows, cash and cash equivalents comprise cash at current bank accounts, cash held on deposit and bank overdrafts.

During the reporting period, ECH maintained a line of credit with Amatheia Lending Designated Activity Company, on which ECH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. The line of credit was terminated as at 28 February 2020.

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**4.a. Financial assets and liabilities at fair value through profit or loss**

ECH classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which ECH has invested.

Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company’s Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the Level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model’s results have historically aligned most closely to actual market transactions.

If any part of an investment fund is considered to be a Level 3 asset, the entire holding is reported below as Level 3.

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Investment companies:</b>				
Equity Long	-	8,923	-	8,923
Equity Long/Short	-	77,537	-	77,537
<b>Total investment companies</b>	-	<b>86,460</b>	-	<b>86,460</b>
<b>Total financial assets at fair value through profit or loss</b>	-	<b>86,460</b>	-	<b>86,460</b>

The following table presents the movement of Level 3 investments for the year ended 31 December 2019 by category of investment:

	Equity Long €000	Investment companies in run-off €000	Total €000
Opening balance	367	455	822
Gains/(losses) recognised	(367)	(455)	(822)
<b>Closing balance</b>	-	-	-

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2019, there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy ECH's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Assets</b>				
Due from investment companies and brokers	-	3,936	-	3,936
Other accounts receivable	-	29	-	29
Cash and cash equivalents	7,344	-	-	7,344
<b>Total</b>	<b>7,344</b>	<b>3,965</b>	-	<b>11,309</b>
<b>Liabilities</b>				
Shareholder redemptions payable	-	(492)	-	(492)
Advisory and performance fees payable	-	(371)	-	(371)
Other accounts payable and accrued expenses	-	(71)	-	(71)
<b>Total</b>	-	<b>(934)</b>	-	<b>(934)</b>

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

#### 4.b. Condensed schedule of investments

A condensed schedule of investments of ECH as at 31 December 2019 was:

	31/12/19 €000	% of NAV
The Adelphi Europe Fund	18,304	18.9
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	17,130	17.7
MW Eureka Fund	16,718	17.3
Blackrock UK Emerging Companies Hedge Fund	11,207	11.6
Memnon European Fund	8,923	9.2
Kuvari Focus Fund	5,655	5.8
Crake Global Feeder Fund ICAV	5,221	5.4
Other investments	<u>3,302</u>	3.4
<b>Total financial assets at fair value through profit or loss</b>	<b><u>86,460</u></b>	

#### 5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

ECH has no share capital for accounting purposes as all of ECH's shares are redeemable participating shares. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The data relating to the net asset value of redeemable participating shares of ECH and the number of shares in issue during the period to 30 June 2020 are summarised below:

€000	Class B	Total
Redeemable participating shares at 1 January 2020	96,835	96,835
Redemptions	(94,048)	(94,048)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>(2,787)</u>	<u>(2,787)</u>
<b>Redeemable participating shares at 30 June 2020 - €</b>	<b><u>-</u></b>	<b><u>-</u></b>
Shares	Class B	Shares
Shares outstanding at 1 January 2020	337,965	337,965
Redemptions	<u>(337,965)</u>	<u>(337,965)</u>
<b>Shares outstanding at 30 June 2020</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net asset value per redeemable participating share at 30 June 2020</b>	<b>-</b>	

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of ECH and the number of shares in issue during the period to 30 June 2019 are summarised below:

€000	Class B	Class Y	Total
Redeemable participating shares at 1 January 2019	119,713	3,434	123,147
Redemptions	(19,893)	-	(19,893)
Net increase/(decrease) in redeemable participating shares resulting from operations	5,614	199	5,813
<b>Redeemable participating shares at 30 June 2019 - €</b>	<b>105,434</b>	<b>3,633</b>	<b>109,067</b>

Shares	Class B	Class Y	Shares
Shares outstanding at 1 January 2019	455,424	12,698	468,122
Redemptions	(73,976)	-	(73,976)
<b>Shares outstanding at 30 June 2019</b>	<b>381,448</b>	<b>12,698</b>	<b>394,146</b>
<b>Net asset value per redeemable participating share at 30 June 2019</b>	<b>€276.40</b>	<b>€286.14</b>	

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 June	2020 €000	2019 €000
Realised gain on financial assets and liabilities at fair value through profit or loss	14,527	2,195
Realised loss on financial assets and liabilities at fair value through profit or loss	(1,126)	(2,518)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>13,401</b>	<b>(323)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	1,420	14,773
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(17,380)	(7,795)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(15,960)</b>	<b>6,978</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(2,559)</b>	<b>6,655</b>

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2020 €000	2019 €000
Advisory fees	(225)	(819)
<b>Total</b>	<b>(225)</b>	<b>(819)</b>

LCH Investments NV was entitled to an amount in cash of 1.5% per annum of the net asset value of Class B Shares and 0.25% per annum of the net asset value of Class Y Shares. Such fees accruing on the basis of the net asset value at the close of each business day prior to taking into account any accrued performance fees as described below and payable monthly.

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The Investment Adviser was entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of Class B Shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee was accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

#### 8. ADMINISTRATION FEES

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator (up to 28 February 2019 BNP Paribas Fund Administration Services (Ireland) Limited was the Administrator).

From 1 March 2019, the Administrator fees are calculated based on the net assets of ECH at the last business day of each month. The per annum fee rates were as follows: 0.0575% on the first US\$50 million, 0.0475% on the next US\$50 million and 0.0350% on net assets in excess of US\$100 million.

Prior to 1 March 2019, the Administrator fees are calculated based on the net assets of ECH at the last business day of each month. The per annum fee rates were as follows: 0.075% on the first €185 million, 0.06% on net assets in excess of €370 million.

#### 9. OTHER OPERATING EXPENSES

For the period ended 30 June	2020 €000	2019 €000
Directors fees	(5)	(17)
Depositary fees	(4)	(16)
Other Administrator fees	(5)	(6)
Other professional fees	(6)	(27)
Legal fees	-	(15)
Paying agent and related fees	(21)	(3)
Professional liability insurance	(4)	-
Regulatory fees	(1)	(2)
Miscellaneous expenses	(3)	(17)
<b>Total</b>	<b>(49)</b>	<b>(103)</b>

#### 10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used: €1.00 = US\$1.1243 (31 December 2019: US\$1.1224).

#### 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.



## LEVERAGED CAPITAL HOLDINGS PROFILE

The principal objective of Leveraged Capital Holdings (“LCH”) is the appreciation in capital through investment in equity strategies, both long and short, and to a lesser extent in other strategies, including global macro. LCH has not paid any dividend since its inception.

Under its two-tier system, LCH does not invest directly but operates through offshore funds which are wholly or partly owned by LCH. Generally, each offshore fund is advised by a single portfolio manager and its team. The investment activities of the funds thereby comprise a wide range of specialised approaches and techniques used by the managers. Hence, LCH benefits from the collective services of a group of highly skilled investment managers who are allowed to operate within their area of expertise without imposed limitations.

Moreover, due to its two-tier system, LCH is highly flexible in engaging and, when necessary, disengaging the services of investment managers, while at the same time limiting the financial and legal exposure to the size of its investment in an offshore fund.

LCH Investments NV is the Investment Advisor of LCH and advises the fund on the selection of the investment managers. Its Investment Advisory Committee meets regularly to review and select managers in order to position LCH optimally in changing markets.

LCH started operating on 30 November 1969 in Curaçao (as Leveraged Capital Holdings NV) under the sponsorship of the Edmond de Rothschild Group and merged with a sub-fund of the Company on 1 January 2015. ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020.

Since its inception, LCH has been able to realise a considerable increase in the net asset value per share, substantially above US stock market indices and with limited downside fluctuation. However, past performance is not necessarily a guide to future performance.

The financial year end of LCH is 31 December. In addition to the annual report, which contains audited financial statements, an unaudited interim report for the six-month period to 30 June is also published.

Shares are issued by LCH daily, on the basis of net asset value. Shares are issued in US\$ (Class A) and Euro (Class B).

LCH will seek to hedge against currency fluctuations of the Class B shares, provided that hedging instruments are available on a timely basis and on acceptable terms.

Shares may be redeemed at the end of each quarter with 45 business days’ notice at net asset value. The redemption of shares may be postponed under certain circumstances, as described in the prospectus.

For the convenience of investors, Class A shares and Class B shares of LCH are listed on Eurolist of Euronext Amsterdam NV and are also traded over the counter. However, LCH is not a party to and is not responsible for such secondary market transactions. Investors may purchase and sell through banks and brokers throughout the world.



**LEVERAGED CAPITAL HOLDINGS**  
**PERFORMANCE SINCE INCEPTION<sup>1</sup>**

	LCH		S&P 500		S&P 500 <sup>2</sup>	
	NAV per share US\$	Performance <sup>3</sup> %	Index US\$	Performance %	Index US\$	Performance %
1969†	19.10		93.81		93.81	
1969	19.70		92.06		92.26	
1970	16.80	-15	92.15	-	94.79	+3
1971	20.28	+21	102.09	+11	107.29	+13
1972	22.99	+13	118.05	+16	126.55	+18
1973	22.48	-2	97.55	-17	106.95	-15
1974	23.82	+6	68.56	-30	77.71	-27
1975	27.25	+14	90.19	+32	105.25	+35
1976	34.30	+26	107.46	+19	128.82	+22
1977	36.46	+6	95.10	-12	117.93	-8
1978	45.09	+24	96.11	+1	123.70	+5
1979	65.72	+46	107.94	+12	144.33	+17
1980	107.79	+64	135.76	+26	188.23	+30
1981	96.44	-11	122.55	-10	176.20	-6
1982	129.90	+35	140.64	+15	210.51	+19
1983	159.10	+22	164.93	+17	254.59	+21
1984	153.79	-3	167.24	+1	266.79	+5
1985	202.63	+32	211.28	+26	347.05	+30
1986	231.06	+14	242.17	+15	407.58	+17
1987	239.52	+4	247.08	+2	425.00	+4
1988	267.66	+12	277.72	+12	489.98	+15
1989	350.38	+31	353.40	+27	638.47	+30
1990	340.53	-3	330.22	-7	611.99	-4
1991	462.90	+36	417.09	+26	790.48	+29
1992	543.15	+17	435.71	+4	843.29	+7
1993††	66.71	+23	466.45	+7	919.32	+9
1994	59.23	-11	459.27	-2	924.73	+1
1995	77.39	+31	615.93	+34	1,262.00	+36
1996	93.29	+21	740.74	+20	1,541.34	+22
1997	113.35	+22	970.43	+31	2,044.53	+33
1998	124.37	+10	1,229.23	+27	2,617.03	+28
1999	168.66	+36	1,469.25	+20	3,155.61	+21
2000	161.03	-5	1,320.28	-10	2,858.53	-9
2001	154.20	-4	1,148.08	-13	2,509.09	-12
2002	147.24	-5	879.72	-23	1,945.14	-22
2003	165.02	+12	1,111.92	+26	2,489.34	+28
2004	182.31	+10	1,211.92	+9	2,745.81	+10
2005	199.14	+9	1,248.29	+3	2,864.79	+4
2006	219.47	+10	1,418.30	+14	3,298.22	+15
2007	276.32	+26	1,468.36	+4	3,459.78	+5
2008	209.21	-24	903.25	-38	2,164.34	-37
2009	241.78	+16	1,115.10	+23	2,717.54	+26
2010	274.54	+14	1,257.64	+13	3,108.59	+14
2011	244.96	-11	1,257.60	-	3,153.86	+1
2012	266.13	+9	1,426.19	+13	3,633.48	+15
2013	306.07	+15	1,848.36	+30	4,779.04	+32
2014	316.54	+3	2,058.90	+11	5,398.91	+13
2015	295.89	-7	2,043.94	-1	5,439.21	+1

<sup>1</sup> Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that LCH was incorporated in Curaçao. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

<sup>2</sup> 70% dividends reinvested

<sup>3</sup> of Class A US\$ shares

† Inception at 30 November 1969 | †† Split of 10 for 1 on 17 February 1993

**LEVERAGED CAPITAL HOLDINGS**  
**PERFORMANCE SINCE INCEPTION<sup>1</sup>**

	LCH		S&P 500		S&P 500 <sup>2</sup>	
	NAV per share US\$	Performance <sup>3</sup> %	Index US\$	Performance %	Index US\$	Performance %
2016	281.51	-5	2,238.83	+10	6,048.70	+11
2017	303.26	+8	2,673.61	+19	7,323.89	+21
2018	264.09	-13	2,506.85	-6	6,961.66	-5
2019	290.49	+10	3,230.78	+29	9,097.25	+31
30/06/2020	290.60	+0	3,100.29	-4	8,791.05	-3

<sup>2</sup> S&P 500 (70% dividends reinvested)

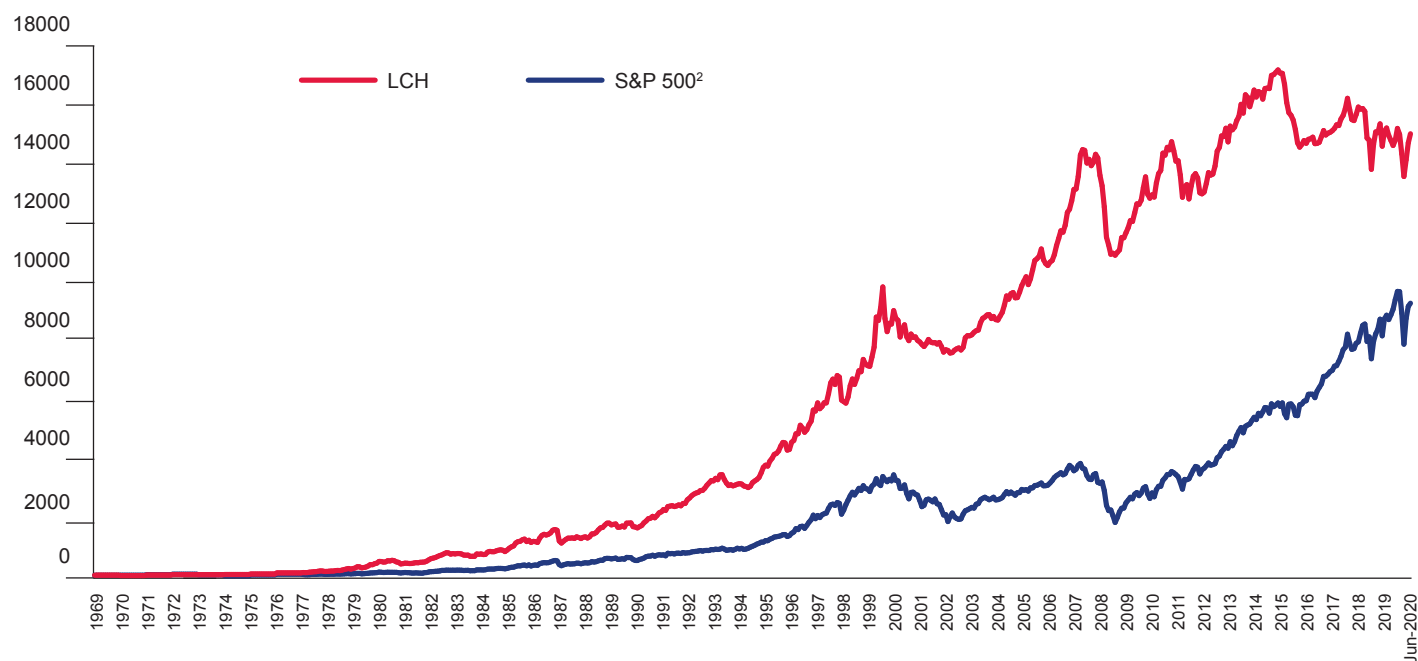
<sup>3</sup> of Class A US\$ shares

	LCH %	S&P500 <sup>2</sup> %	Cash <sup>3</sup> %
6 months	0	(3.4)	0.5
1 years p.a.	0.6	6.9	1.5
3 years p.a.	0.2	10.1	2.0
5 years p.a.	(2.3)	10.0	1.5
Since Inception p.a.	10.4	9.4	5.3
Value of US\$100 since inception	US\$15,215	US\$9,371	US\$1,363

<sup>2</sup> S&P 500 (70% dividends reinvested)

<sup>3</sup> 3 month US\$ Libor

**Value of US\$100 Invested at Inception**

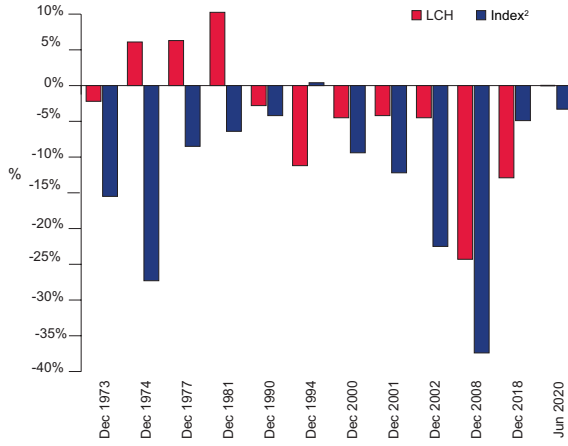


<sup>2</sup> S&P 500 (70% dividends reinvested)

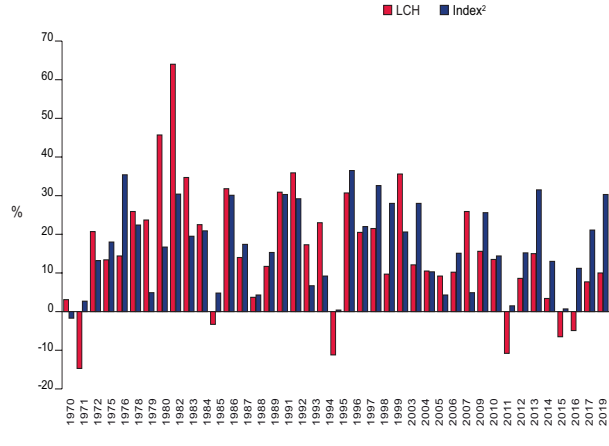
<sup>1</sup> Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that LCH was incorporated in Curaçao. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

LEVERAGED CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

LCH Performance in Down Markets



LCH Performance in Up Markets



<sup>2</sup> S&P 500 Index with 70% dividends reinvested. Source: Bloomberg.

<sup>1</sup> Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that LCH was incorporated in Curaçao.

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/20 US\$000	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	294,606	156,080
Due from investment companies and brokers	2	-	13,358
Prepayments on investments	2	7,500	-
Other accounts receivable	2	243	261
Cash and cash equivalents	2, 3	5,293	8,195
<b>Total assets</b>		<b><u>307,642</u></b>	<b><u>177,894</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings	2, 3	(29)	(19)
Shareholder redemptions payable		(231)	-
Advisory and performance fees payable		(744)	(663)
Other accounts payable and accrued expenses	2	(167)	(133)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(1,171)</u>	<u>(815)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b><u>306,471</u></b>	<b><u>177,079</u></b>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$290.60</b>	<b>US\$290.49</b>
<b>Net asset value per Class B redeemable participating share</b>		<b>€195.06</b>	<b>€195.75</b>

The notes on pages 89 to 95 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(1,717)	(2,455)
- Change in unrealised gains/(losses)	6	13,412	24,954
Interest income	2	5	58
Fee rebate		484	469
Surplus on repurchase of own shares	2	85	200
Other income		36	105
<b>Total income/(loss)</b>		<b>12,305</b>	<b>23,331</b>
<b>Operating expenses</b>			
Advisory and performance fees	7	(1,803)	(1,772)
Administration fees	8	(65)	(75)
Audit fees		(73)	(44)
Other operating expenses	9	(266)	(233)
<b>Total operating expenses</b>		<b>(2,207)</b>	<b>(2,124)</b>
<b>Operating profit/(loss)</b>		<b>10,098</b>	<b>21,207</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(109)	(169)
Interest expense short term borrowings	2, 3	(4)	(66)
Interest expense	2	(24)	-
<b>Total finance costs</b>		<b>(137)</b>	<b>(235)</b>
<b>Profit/(loss) before taxation</b>		<b>9,961</b>	<b>20,972</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>9,961</b>	<b>20,972</b>

All amounts arose solely from continuing operations. There are no gains or losses other than those dealt with in the statement of comprehensive income.

**LEVERAGED CAPITAL HOLDINGS**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES**

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>177,079</b>	<b>249,520</b>
Increase from redeemable participating shares issued	5	128,685	-
Decrease due to redeemable participating shares repurchased	5	<u>(9,254)</u>	<u>(34,736)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>119,431</b>	<b>(34,736)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>9,961</u>	<u>20,972</u>
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>		<u><b>306,471</b></u>	<u><b>235,756</b></u>

The notes on pages 89 to 95 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		9,961	20,972
<b>Adjustments for:</b>			
Interest income		(5)	(58)
Surplus on repurchase of own shares		(85)	(200)
Other income		(36)	(105)
Finance costs		137	235
Foreign exchange (gains)/losses on cash and cash equivalents		167	(33)
<b>Net changes in:</b>			
Due from investment companies and brokers		13,358	23,282
Prepayments on investments		(7,500)	-
Other accounts receivable		18	(483)
Advisory and performance fees payable		81	1,444
Other accounts payable and accrued expenses		34	29
Financial assets at fair value through profit or loss		(138,693)	(23,599)
Financial liabilities at fair value through profit or loss		-	(407)
Interest income received		5	58
Surplus on repurchase of own shares received		85	200
Other income received		36	105
Finance costs paid		(137)	(235)
<b>Net cash from operating activities</b>		<b>(122,574)</b>	<b>21,205</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		10	12,019
Proceeds from redeemable participating shares issued		128,685	-
Paid on redeemable participating shares repurchased		(9,023)	(34,940)
<b>Net cash from financing activities</b>		<b>119,672</b>	<b>(22,921)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,902)</b>	<b>(1,716)</b>
Cash and cash equivalents at 1 January		8,195	5,783
<b>Cash and cash equivalents at 30 June</b>	<b>2, 3</b>	<b>5,293</b>	<b>4,067</b>

The notes on pages 89 to 95 are an integral part of these financial statements

**LEVERAGED CAPITAL HOLDINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out in note 2 to the financial statements of The Capital Holdings Funds plc.

3. CASH AND CASH EQUIVALENTS

As at	30/06/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	5,286	8,194
Cash €	<u>7</u>	<u>1</u>
<b>Net cash and cash equivalents</b>	<b><u>5,293</u></b>	<b><u>8,195</u></b>

For purposes of the statement of cash flows, cash and cash equivalents comprise cash at current bank accounts, cash held on deposit and bank overdrafts.

During the reporting period, LCH maintained a line of credit with Amatheia Lending Designated Activity Company, on which LCH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period, the committed line of credit amounted to US\$48 million (31 December 2019: US\$35 million).

LCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depository. At the end of the reporting period, LCH had drawn an amount of US\$0.03 million (31 December 2019: US\$0.02 million).

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**4.a. Financial assets and liabilities at fair value through profit or loss**

LCH classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which LCH has invested.

Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company’s Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the Level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model’s results have historically aligned most closely to actual market transactions.

If any part of an investment fund is considered to be a Level 3 asset, the entire holding is reported below as Level 3.



**LEVERAGED CAPITAL HOLDINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	212,794	18,824	231,618
Equity Long Only	-	5,442	-	5,442
Equity Opportunistic	-	-	754	754
Event Driven	-	13,097	-	13,097
Macro and Other	-	39,836	213	40,049
<b>Total investment companies</b>	<b>-</b>	<b>271,169</b>	<b>19,791</b>	<b>290,960</b>
Forward FX contracts	-	3,646	-	3,646
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>274,815</b>	<b>19,791</b>	<b>294,606</b>

The following table presents the movement of Level 3 investments for the period ended 30 June 2020 by category of investment:

	Equity Long Biased US\$000	Equity Long Only US\$000	Equity Opportunistic US\$000	Macro and Other US\$000	Total US\$000
Opening balance	17,481	-	942	-	18,423
Purchases	-	840	163	3,812	4,815
Sales	(775)	-	-	(3,513)	(4,288)
Transfers into/(out of) Level 3	256	-	-	-	256
Gains/(losses) recognised	1,862	(840)	(351)	(86)	585
<b>Closing balance</b>	<b>18,824</b>	<b>-</b>	<b>754</b>	<b>213</b>	<b>19,791</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the period ended 30 June 2020, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	113,350	17,481	130,831
Equity Opportunistic	-	-	942	942
Event Driven	-	15,406	-	15,406
Macro and Other	-	8,866	-	8,866
<b>Total investment companies</b>	<b>-</b>	<b>137,622</b>	<b>18,423</b>	<b>156,045</b>
Forward FX contracts	-	35	-	35
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>137,657</b>	<b>18,423</b>	<b>156,080</b>

**LEVERAGED CAPITAL HOLDINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**

The following table presents the movement of Level 3 investments for the year ended 31 December 2019 by category of investment:

	Equity Long Biased US\$000	Equity Opportunistic US\$000	Event Driven US\$000 US\$000	Total US\$000
Opening balance	14,237	1,674	2,835	18,746
Purchases	1,880	-	-	1,880
Sales	(11,625)	-	(2,939)	(14,564)
Transfers into/(out of) Level 3	8,189	-	-	8,189
Gains/(losses) recognised	4,800	(732)	104	4,172
<b>Closing balance</b>	<b>17,481</b>	<b>942</b>	<b>-</b>	<b>18,423</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2019, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

The following table analyses within the fair value hierarchy LCH's assets and liabilities (by class) not measured at fair value at 30 June 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Prepayments on investments	-	7,500	-	7,500
Other accounts receivable	-	243	-	243
Cash and cash equivalents	5,293	-	-	5,293
<b>Total</b>	<b>5,293</b>	<b>7,743</b>	<b>-</b>	<b>13,036</b>
<b>Liabilities</b>				
Short term borrowings	(29)	-	-	(29)
Shareholder redemptions payable	-	(231)	-	(231)
Advisory and performance fees payable	-	(744)	-	(744)
Other accounts payable and accrued expenses	-	(167)	-	(167)
<b>Total</b>	<b>(29)</b>	<b>(1,142)</b>	<b>-</b>	<b>(1,171)</b>

**LEVERAGED CAPITAL HOLDINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**

The following table analyses within the fair value hierarchy LCH's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	13,358	-	13,358
Other accounts receivable	-	261	-	261
Cash and cash equivalents	8,195	-	-	8,195
<b>Total</b>	<b>8,195</b>	<b>13,619</b>	<b>-</b>	<b>21,814</b>
<b>Liabilities</b>				
Short term borrowings	(19)	-	-	(19)
Advisory and performance fees payable	-	(663)	-	(663)
Other accounts payable and accrued expenses	-	(133)	-	(133)
<b>Total</b>	<b>(19)</b>	<b>(796)</b>	<b>-</b>	<b>(815)</b>

**4.b. Condensed schedule of investments**

A condensed schedule of investments of LCH as at 30 June 2020 was:

	30/06/20 US\$000	% of NAV
Discovery Capital Holdings	65,099	21.2
The Adelphi Europe Fund	22,188	7.2
Pershing Square International Ltd	16,718	5.5
Other investments	190,601	62.2
<b>Total financial assets at fair value through profit or loss</b>	<b>294,606</b>	

A condensed schedule of investments of LCH as at 31 December 2019 was:

	31/12/19 US\$000	% of NAV
Discovery Capital Holdings	47,669	26.9
Swiftcurrent Offshore Ltd	13,908	7.9
Altimeter Offshore Ltd	13,558	7.7
Pershing Square International Ltd	13,490	7.6
Glenview Capital Partners (Cayman) Ltd	13,467	7.6
Hitchwood Capital Fund Ltd	11,258	6.4
Third Point Ultra Ltd	11,187	6.3
Maverick Levered Fund Ltd	11,001	6.2
Other investments	20,542	11.5
<b>Total financial assets at fair value through profit or loss</b>	<b>156,080</b>	

**4.c. Forward foreign exchange contracts**

LCH enters into forward foreign exchange transactions for the Euro Class B shares, normally with the aim of seeking to hedge the Euro exposure back to the US dollar. Forward foreign exchange contracts are held for trading and are valued at the forward rate and are marked to market on the valuation date.

LEVERAGED CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Included under financial assets at fair value through profit or loss at 30 June 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	91,900	(99,667)	10/07/2020	3,646
<b>Total</b>				<b>3,646</b>

Included under financial assets at fair value through profit or loss at 31 December 2019 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	32,080	(35,950)	08/01/2020	35
<b>Total</b>				<b>35</b>

#### 5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

LCH has no share capital for accounting purposes as all of LCH's shares are redeemable participating shares. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the period ended 30 June 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	140,889	36,190	177,079
Subscriptions	63,076	65,609	128,685
Redemptions	(7,213)	(2,041)	(9,254)
Net increase/(decrease) in redeemable participating shares resulting from operations	5,102	4,859	9,961
<b>Redeemable participating shares at 30 June 2020 - US\$</b>	<b>201,854</b>	<b>104,617</b>	<b>306,471</b>
<b>Redeemable participating shares at 30 June 2020 - €</b>	<b>-</b>	<b>93,134</b>	<b>-</b>

Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	485,007	164,894	649,901
Subscriptions	236,079	322,646	558,725
Redemptions	(26,476)	(10,079)	(36,555)
<b>Shares outstanding at 30 June 2020</b>	<b>694,610</b>	<b>477,461</b>	<b>1,172,071</b>
<b>Net asset value per redeemable participating share at 30 June 2020</b>	<b>US\$290.60</b>	<b>€195.06</b>	<b>-</b>

LEVERAGED CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the period ended 30 June 2019 are summarised below:

US\$000	Class A	Class B	Class X	Total
Redeemable participating shares at 1 January 2019	202,481	44,451	2,588	249,520
Redemptions	(25,454)	(7,828)	(1,454)	(34,736)
Net increase/(decrease) in redeemable participating shares resulting from operations	17,996	2,726	250	20,972
<b>Redeemable participating shares at 30 June 2019 - US\$</b>	<b>195,023</b>	<b>39,349</b>	<b>1,384</b>	<b>235,756</b>
<b>Redeemable participating shares at 30 June 2019 - €</b>	<b>-</b>	<b>34,608</b>	<b>-</b>	<b>-</b>
Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2019	766,711	211,560	9,728	987,999
Redemptions	(91,313)	(36,223)	(5,000)	(132,536)
<b>Shares outstanding at 30 June 2019</b>	<b>675,398</b>	<b>175,337</b>	<b>4,728</b>	<b>855,463</b>
<b>Net asset value per redeemable participating share at 30 June 2019</b>	<b>US\$288.75</b>	<b>€197.38</b>	<b>US\$292.66</b>	

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 June	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	5,842	4
Realised loss on financial assets and liabilities at fair value through profit or loss	(7,559)	(2,459)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(1,717)</b>	<b>(2,455)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	28,839	41,626
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(15,427)	(16,672)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>13,412</b>	<b>24,954</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>11,695</b>	<b>22,499</b>

In respect of the LCH Class B Euro denominated shares, LCH seeks to hedge against currency fluctuations in non-Euro denominated portfolio investments. The profit or loss on such hedging is shown above.

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2020 US\$000	2019 US\$000
Advisory fees	(1,803)	(1,772)
<b>Total</b>	<b>(1,803)</b>	<b>(1,772)</b>

**LEVERAGED CAPITAL HOLDINGS**  
**NOTES TO THE FINANCIAL STATEMENTS**

LCH Investments NV is entitled to an amount in cash of 1.5% per annum of the net asset value of Class A shares and Class B shares and 0.25% per annum of the net asset value of Class X shares. Such fees accruing on the basis of the net asset value at the close of each business day prior to taking into account any accrued performance fees as described below and payable monthly.

The Investment Adviser is entitled to a performance fee calculated in respect of each calendar year payable in cash of 3% of the net realised and unrealised appreciation in the NAV of Class A shares and Class B shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee is accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

#### 8. ADMINISTRATION FEES

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator (up to 28 February 2019 BNP Paribas Fund Administration Services (Ireland) Limited was the Administrator).

From 1 March 2019, the Administrator fees are calculated based on the net assets of LCH at the last business day of each month. The per annum fee rates were as follows: 0.0575% on the first US\$50 million, 0.0475% on the next US\$50 million and 0.0350% on net assets in excess of US\$100 million. The net assets of LCH for this purpose shall exclude the amount of LCH’s investment in DCH (up to 31 March 2020, LCH’s investment in TCH and DCH).

Prior to 1 March 2019, the Administrator fees are calculated based on the net assets of LCH at the last business day of each month. The per annum fee rates were as follows: 0.075% on the first US\$250 million, 0.06% on the next US\$250 million and 0.05% on net assets in excess of US\$500 million. The net assets of LCH for this purpose shall exclude the amount of LCH’s investment in TCH and DCH.

#### 9. OTHER OPERATING EXPENSES

For the period ended 30 June	2020 US\$000	2019 US\$000
Directors fees	(45)	(35)
Depositary fees	(36)	(30)
Other Administrator fees	(27)	(11)
Other professional fees	(56)	(59)
Legal fees	(18)	(33)
Paying agent and related fees	(36)	(8)
Professional liability insurance	(23)	-
Regulatory fees	(4)	(5)
Miscellaneous expenses	(21)	(52)
<b>Total</b>	<b>(266)</b>	<b>(233)</b>

#### 10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used: €1.00 = US\$1.1233 (31 December 2019: US\$1.1212).

#### 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period’s presentation.



## TRADING CAPITAL HOLDINGS PROFILE

The general investment objective of Trading Capital Holdings (“TCH”) was the realisation of profit through investing in global macro, trading strategies in commodities, currencies, debt and equities. TCH has not paid any dividend since inception.

Under its two-tier system, TCH did not invest directly but operated through offshore funds which were wholly or partly owned by TCH. Generally, each offshore fund was advised by a single portfolio manager and its team. The investment activities of the funds thereby comprised a wide range of specialised approaches and techniques used by the managers.

LCH Investments NV was the Investment Advisor of TCH and advised the fund on the selection of the investment managers. Its Investment Advisory Committee met regularly to review and select managers in order to position TCH optimally in changing markets.

TCH started operating on 30 June 2003 in Curaçao (as Trading Capital Holdings NV) and merged with a sub-fund of the Company on 1 January 2015. TCH merged its operations with LCH with effect from 1 April 2020 and shareholders received LCH shares in exchange for their TCH shares.



TRADING CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

Date	NAV per share Class A - US\$	NAV per share Class B - €	NAV per share Class C - US\$ <sup>4</sup>	Performance <sup>3</sup> %
30/06/03	108.46	94.86	-	-
31/12/03	109.45	96.02	-	0.9
31/12/04	113.34	99.69	-	3.6
31/12/05	118.30	103.08	-	4.4
31/12/06	122.09	104.00	-	3.2
31/12/07	160.84	134.98	-	31.7
31/12/08	152.43	128.07	-	(5.2)
31/12/09	172.35	143.08	-	13.1
31/12/10	187.13	154.95	-	8.6
31/12/11	191.44	158.74	-	2.3
31/12/12	198.22	163.75	-	3.5
31/12/13	214.24	176.60	-	8.1
31/12/14	208.34	171.46	209.38	(2.8)
31/12/15	196.40	160.96	198.36	(5.7)
31/12/16	200.43	161.75	202.92	2.1
31/12/17	195.23	154.67	198.65	(2.6)
31/12/18	183.45	140.75	-	(6.0)
31/12/19	182.21	135.62	-	(0.7)
30/03/20 <sup>5</sup>	168.39	124.63	-	(7.6)

	TCH <sup>3</sup> %	Cash <sup>2</sup> %
3 month	(7.6)	0.4
1 year p.a.	(9.2)	2.0
3 years p.a.	(5.1)	2.0
5 years p.a.	(4.4)	1.5
Since Inception p.a.	6.8	2.6

<sup>2</sup> 3 month US\$ Libor

<sup>3</sup> of Class A US\$ shares

<sup>4</sup> launched at US\$214.24 per share on 1 January 2014

<sup>5</sup> merger with Leveraged Capital Holdings

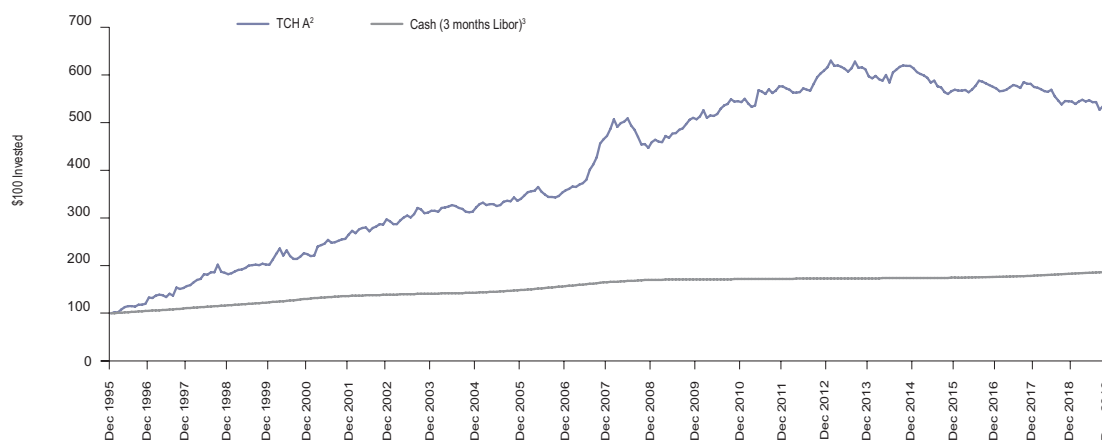
Important note: From inception up to 16 May 2003, the portfolio of TCH comprised the portfolio of Leveraged Capital Holdings (LCH) in traders and macro managers. TCH became available to investors other than LCH on 1 July 2003 and the record shown above commences on that date. The investment return actually achieved by LCH in its portfolio of traders and macro managers prior to that date is contained within the Annual Reports of LCH.

<sup>1</sup> Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that TCH was incorporated in Curaçao.

TRADING CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

Past performance is not necessarily a guide to future performance.

Value of US\$100 Invested since Inception



<sup>2</sup> Performance shown for TCH Class A USD. The performance of TCH up to 31 May 2003 represents the investment return actually achieved by Leveraged Capital Holdings (LCH) in its portfolio of traders and macro managers, after fees. TCH became available to investors other than to LCH on 1 July 2003. Source: Administrator.

<sup>3</sup> Cash 3 months Libor. Source: Bloomberg.

<sup>1</sup> Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that TCH was incorporated in Curaçao.

TRADING CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/20 US\$000 <sup>1</sup>	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	-	40,315
Due from investment companies and brokers	2	-	43
Other accounts receivable	2	-	22
Cash and cash equivalents	2, 3	-	6,811
		<u>-</u>	<u>47,191</u>
<b>Total assets</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Advisory and performance fees payable		-	(179)
Other accounts payable and accrued expenses	2	-	(75)
		<u>-</u>	<u>(254)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		-	(254)
		<u>-</u>	<u>(254)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b>-</b>	<b>46,937</b>
<b>Net asset value per Class A redeemable participating share</b>		<b>-</b>	<b>US\$182.21</b>
<b>Net asset value per Class B redeemable participating share</b>		<b>-</b>	<b>€135.62</b>

<sup>1</sup> The financial statements of TCH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 April 2020 and shareholders received LCH shares in exchange for their TCH shares.

TRADING CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(1,570)	(2,852)
- Change in unrealised gains/(losses)	6	(1,875)	4,424
Interest income	2	2	37
Surplus on repurchase of own shares	2	15	106
Other income		-	49
<b>Total income/(loss)</b>		<b>(3,428)</b>	<b>1,764</b>
<b>Operating expenses</b>			
Advisory and performance fees	7	(165)	(569)
Administration fees	8	(8)	(42)
Audit fees		(4)	(7)
Other operating expenses	9	(35)	(71)
<b>Total operating expenses</b>		<b>(212)</b>	<b>(689)</b>
<b>Operating profit/(loss)</b>		<b>(3,640)</b>	<b>1,075</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(15)	(86)
Interest expense short term borrowings	2, 3	-	(1)
<b>Total finance costs</b>		<b>(15)</b>	<b>(87)</b>
<b>Profit/(loss) before taxation</b>		<b>(3,655)</b>	<b>988</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>(3,655)</b>	<b>988</b>

<sup>1</sup> The financial statements of TCH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 April 2020 and shareholders received LCH shares in exchange for their TCH shares.

TRADING CAPITAL HOLDINGS  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>46,937</b>	<b>86,855</b>
Increase from redeemable participating shares issued	5	-	229
Decrease due to redeemable participating shares repurchased	5	<u>(43,282)</u>	<u>(15,807)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(43,282)</b>	<b>(15,578)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(3,655)</u>	<u>988</u>
<b>Net assets attributable to holders of redeemable participating shares at 30 June</b>		<u>-</u>	<u>72,265</u>

<sup>1</sup> The financial statements of TCH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 April 2020 and shareholders received LCH shares in exchange for their TCH shares.

TRADING CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		(3,655)	988
<b>Adjustments for:</b>			
Interest income		(2)	(37)
Surplus on repurchase of own shares		(15)	(106)
Other income		-	(49)
Finance costs		15	87
Foreign exchange (gains)/losses on cash and cash equivalents		9	(28)
<b>Net changes in:</b>			
Due from investment companies and brokers		43	7,087
Other accounts receivable		22	(13)
Advisory and performance fees payable		(179)	479
Other accounts payable and accrued expenses		(75)	(17)
Financial assets at fair value through profit or loss		40,315	11,927
Financial liabilities at fair value through profit or loss		(9)	(204)
Interest income received		2	37
Surplus on repurchase of own shares received		15	106
Other income received		-	49
Finance costs paid		(15)	(87)
<b>Net cash from operating activities</b>		<b>36,471</b>	<b>20,219</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		-	15
Proceeds from redeemable participating shares issued		-	229
Paid on redeemable participating shares repurchased		(43,282)	(15,926)
<b>Net cash from financing activities</b>		<b>(43,282)</b>	<b>(15,682)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,811)</b>	<b>4,537</b>
Cash and cash equivalents at 1 January		6,811	7,191
<b>Cash and cash equivalents at 30 June</b>	<b>2, 3</b>	<b>-</b>	<b>11,728</b>

<sup>1</sup> The financial statements of TCH have been prepared on the liquidation basis since the sub-fund merged its operations with LCH with effect from 1 April 2020 and shareholders received LCH shares in exchange for their TCH shares.

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Capital Holdings Funds plc (the “Company”) was incorporated in Ireland on 13 March 2014 and was authorised as a Retail Investor AIF by the Central Bank of Ireland on 19 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out in note 2 to the financial statements of The Capital Holdings Funds plc.

Following the merger of operations with LCH as at 1 April 2020, the financial statements of TCH are no longer prepared on a going concern basis.

3. CASH AND CASH EQUIVALENTS

As at	30/06/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	-	6,801
Cash €	-	10
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>6,811</b>

For purposes of the statement of cash flows, cash and cash equivalents comprise cash at current bank accounts, cash held on deposit and bank overdrafts.

During the reporting period, TCH maintained a line of credit with Amathea Lending Designated Activity Company, on which TCH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. The line of credit was terminated as at 31 March 2020.

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

**4.a. Financial assets and liabilities at fair value through profit or loss**

TCH classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date..

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as net asset values reported by the administrators of the investment companies in which TCH has invested.

Level 3: Inputs are unobservable inputs for the asset or liability. This includes financial assets or liabilities for which the Board of Directors made fair value adjustments because of the illiquidity of such financial assets and liabilities.

Level 3 valuations are reviewed on a periodic basis by the Company’s Board of Directors. The Board of Directors considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. The main technique used in fair valuing the Level 3 assets has been to apply a discount to the corresponding Level 3 valuations as best estimated by the Board of Directors. In selecting the most appropriate valuation model the Board of Directors performs back testing and considers which model’s results have historically aligned most closely to actual market transactions.

If any part of an investment fund is considered to be a Level 3 asset, the entire holding is reported below as Level 3.

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table presents the movement of Level 3 investments for the period ended 30 June 2020 by category of investment:

	Concentrated Strategies US\$000	Credit US\$000	Total US\$000
Opening balance	82	228	310
Sales	(82)	(224)	(306)
Gains/(losses) recognised	-	(4)	(4)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the period ended 30 June 2020, there were no transfers between the different levels of the hierarchy.

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Concentrated Strategies	-	10,886	82	10,968
Credit	-	4,776	228	5,004
Diversified Macro	-	12,172	-	12,172
Emerging Markets	-	12,166	-	12,166
<b>Total investment companies</b>	<b>-</b>	<b>40,000</b>	<b>310</b>	<b>40,310</b>
Forward FX contracts	-	5	-	5
<b>Total financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>40,005</b>	<b>310</b>	<b>40,315</b>

The following table presents the movement of Level 3 investments for the year ended 31 December 2019 by category of investment:

	Concentrated Strategies US\$000	Credit US\$000	Diversified Macro US\$000	Investment companies in run-off US\$000	Total US\$000
Opening balance	171	316	256	3	746
Sales	-	(115)	(277)	(1)	(393)
Transfers into/(out of) Level 3	-	(23)	-	-	(23)
Gains/(losses) recognised	(89)	50	21	(2)	(20)
<b>Closing balance</b>	<b>82</b>	<b>228</b>	<b>-</b>	<b>-</b>	<b>310</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period.



TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy TCH's assets and liabilities (by class) not measured at fair value at 31 December 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	43	-	43
Other accounts receivable	-	22	-	22
Cash and cash equivalents	6,811	-	-	6,811
<b>Total</b>	<b>6,811</b>	<b>65</b>	<b>-</b>	<b>6,876</b>
<b>Liabilities</b>				
Advisory and performance fees payable	-	(179)	-	(179)
Other accounts payable and accrued expenses	-	(75)	-	(75)
<b>Total</b>	<b>-</b>	<b>254</b>	<b>-</b>	<b>254</b>

#### 4.b. Condensed schedule of investments

A condensed schedule of investments of TCH as at 31 December 2019 was:

	31/12/19 US\$000	% of NAV
The Tudor BVI Global Fund Ltd	6,856	14.6
Pharo Trading Fund Ltd	6,732	14.3
Discovery Global Opportunity Fund Ltd	5,434	11.6
Moore Global Investments Ltd	5,316	11.3
Wexford (Offshore) Spectrum Fund	5,004	10.7
MW Market Neutral Tops Fund	4,490	9.6
Voleon Institutional Strategies International, Ltd	3,647	7.8
Voleon International Investors Ltd	2,749	5.9
Other investments	87	0.1
<b>Total financial assets at fair value through profit or loss</b>	<b>40,315</b>	

#### 4.c. Forward foreign exchange contracts

TCH entered into forward foreign exchange transactions for the Euro Class B shares, normally with the aim of seeking to hedge the Euro exposure back to the US dollar. Forward foreign exchange contracts were held for trading and were valued at the forward rate and were marked to market on the valuation date.

TCH held no forward foreign exchange contracts as at 30 June 2020.

Included under financial assets at fair value through profit or loss at 31 December 2019 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	10,515	(11,784)	08/01/2020	5
<b>Total</b>				<b>5</b>

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

TCH has no share capital for accounting purposes as all of TCH's shares are redeemable participating shares. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue during the period 30 June 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	35,012	11,925	46,937
Redemptions	(32,428)	(10,854)	(43,282)
Net increase/(decrease) in redeemable participating shares resulting from operations	(2,584)	(1,071)	(3,655)
<b>Redeemable participating shares at 30 June 2020 - US\$</b>	-	-	-
<b>Redeemable participating shares at 30 June 2020 - €</b>	-	-	-
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	192,156	78,424	270,580
Redemptions	(192,156)	(78,424)	(270,580)
<b>Shares outstanding at 30 June 2020</b>	-	-	-
<b>Net asset value per redeemable participating share at 30 June 2020</b>	-	-	-

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue during the period 30 June 2019 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2019	65,609	21,246	86,855
Subscriptions	22	207	229
Redemptions	(9,714)	(6,093)	(15,807)
Net increase/(decrease) in redeemable participating shares resulting from operations	1,111	(123)	988
<b>Redeemable participating shares at 30 June 2019 - US\$</b>	<b>57,028</b>	<b>15,237</b>	<b>72,265</b>
<b>Redeemable participating shares at 30 June 2019 - €</b>	-	<b>13,401</b>	-
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2019	357,643	131,742	489,385
Subscriptions	118	1,290	1,408
Redemptions	(52,470)	(38,145)	(90,615)
<b>Shares outstanding at 30 June 2019</b>	<b>305,291</b>	<b>94,887</b>	<b>400,178</b>
<b>Net asset value per redeemable participating share at 30 June 2019</b>	<b>US\$186.80</b>	<b>€141.23</b>	

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

6. NET GAIN/(LOSS) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the period ended 30 June	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	5,520	342
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(7,090)</u>	<u>(3,194)</u>
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(1,570)</b>	<b>(2,852)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	10,503	7,250
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(12,378)</u>	<u>(2,826)</u>
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>(1,875)</u></b>	<b><u>4,424</u></b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>(3,445)</u></b>	<b><u>1,572</u></b>

In respect of the TCH Class B Euro denominated shares, TCH seeks to hedge against currency fluctuations in non-Euro denominated portfolio investments. The profit or loss on such hedging is shown above.

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2020 US\$000	2019 US\$000
Advisory fees	<u>(165)</u>	<u>(569)</u>
<b>Total</b>	<b><u>(165)</u></b>	<b><u>(569)</u></b>

LCH Investments NV was entitled to an amount in cash of 1.5% per annum of the net asset value of Class A Shares and Class B shares. Such fees accruing on the basis of the net asset value at the close of business day prior to taking into account any accrued performance fees as described below and payable monthly.

The Investment Adviser was entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of Class A Shares and Class B Shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee was accrued or paid until NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

8. ADMINISTRATION FEES

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator (up to 28 February 2019 BNP Paribas Fund Administration Services (Ireland) Limited was the Administrator).

From 1 March 2019, the Administrator fees are calculated based on the net assets of TCH at the last business day of each month. The per annum fee rates were as follows: 0.0575% on the first US\$50 million, 0.0475% on the next US\$50 million and 0.0350% on net assets in excess of US\$100 million.

Prior to 1 March 2019, the Administrator fees are calculated based on the net assets of TCH at the last business day of each month. The per annum fee rates were as follows: 0.06% on the first US\$250 million, 0.05% on the next US\$250 million and 0.04% on net assets in excess of US\$500 million.

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

## 9. OTHER OPERATING EXPENSES

For the period ended 30 June	2020 US\$000	2019 US\$000
Directors fees	(5)	(11)
Depository fees	(2)	(14)
Other Administrator fees	(8)	(6)
Other professional fees	(5)	(19)
Legal fees	-	(10)
Paying agent and related fees	(10)	(4)
Professional liability insurance	(3)	-
Regulatory fees	-	(2)
Miscellaneous expenses	(2)	(5)
<b>Total</b>	<b>(35)</b>	<b>(71)</b>

## 10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2020 was used: €1.00 = US\$1.1233 (31 December 2019: US\$1.1212).

## 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period's presentation.