



THE CAPITAL HOLDINGS FUNDS PLC
2019 SEMI-ANNUAL REPORT

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Copies of this report may be obtained from the Administrator or from www.capitalholdings.com or from:

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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

Thomas Glynn (to 10 January 2019)

Senior Consultant
KB Associates
Dublin

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 (from 10 January 2019)

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

Richard Katz (to 8 April 2019)

Banker and investment advisor

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

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 Amice

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 Amice

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
 Willemstad
 Curaçao

REGISTERED OFFICE

The Exchange
 George's Dock
 IFSC
 Dublin 1
 Ireland

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 787 Seventh Avenue
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 USA

IRELAND LEGAL COUNSEL

Walkers
 The Exchange
 George's Dock
 IFSC
 Dublin 1
 Ireland

NETHERLANDS LEGAL COUNSEL

De Brauw Blackstone Westbroek NV
 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 2019.

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 5 active sub-funds:

- Asian Capital Holdings ("ACH")
- Discovery Capital Holdings ("DCH")
- European Capital Holdings ("ECH")
- Leveraged Capital Holdings ("LCH")
- Trading Capital Holdings ("TCH")

For the six month period to 30 June 2019, net assets decreased by US\$30m to US\$590m from US\$620m. Of the decrease an amount of (US\$73m) was attributable to share transactions and an amount of US\$43m 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 2019 semi-annual report of the Company has been published on the website www.capitalholdings.com.

On behalf of the Board of Directors



M. Kirby



D. van Duijn

30 August 2019

STATEMENT OF FINANCIAL POSITION

At 30 June 2019		ACH	DCH	ECH	LCH	TCH	Total
	Notes	US\$000	US\$000	€000	US\$000	US\$000	US\$000 ¹
Assets							
Current assets							
Financial assets at fair value through profit or loss	2.4,5	71,136	127,552	109,589	244,980	59,855	563,332
Due from investment companies and brokers	2.7	10,560	-	-	-	1,328	11,888
Prepayments on investments	2.8	8,000	4,000	-	-	-	12,000
Other accounts receivable	2.9	13	14	351	625	15	1,066
Cash and cash equivalents	2.5	2,343	1,413	2,001	4,067	11,728	21,828
Total assets		92,052	132,979	111,941	249,672	72,926	610,114
Liabilities							
Current liabilities							
Advisory and performance fees payable		(1,059)	(1,059)	(819)	(1,772)	(592)	(5,414)
Short term borrowings	2.10	(15)	(17)	(2,000)	(12,019)	(15)	(14,342)
Other accounts payable and accrued expenses	2.11	(50)	(49)	(55)	(125)	(54)	(341)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(1,124)	(1,125)	(2,874)	(13,916)	(661)	(20,097)
Net assets attributable to holders of redeemable participating shares	2.12	90,928	131,854	109,067	235,756	72,265	590,017

¹ 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.

STATEMENT OF FINANCIAL POSITION

At 30 June 2019	ACH	DCH	ECH	LCH	TCH
Net asset value per Class A redeemable participating share US\$	149.97	206.38	-	288.75	186.80
Number of Class A redeemable participating shares in issue	591,626	475,764	-	675,398	305,291
Net asset value per Class B redeemable participating share €	99.42	-	276.40	197.38	141.23
Number of Class B redeemable participating shares in issue	19,421	-	381,448	175,337	94,887
Net asset value per Class C redeemable participating share US\$	-	207.77	-	-	-
Number of Class C redeemable participating shares in issue	-	157,313	-	-	-
Net asset value per Class X redeemable participating share US\$	-	208.81	-	292.66	-
Number of Class X redeemable participating shares in issue	-	4,703	-	4,728	-
Net asset value per Class Y redeemable participating share €	-	-	286.14	-	-
Number of Class Y redeemable participating shares in issue	-	-	12,698	-	-

STATEMENT OF FINANCIAL POSITION

At 31 December 2018	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	LCH (Gold) US\$000 ²	TCH(Gold) US\$000 ²	Total US\$000 ¹
Assets									
Current assets									
Financial assets at fair value through profit or loss	2.4, 5	72,499	100,336	113,812	221,381	71,782	-	-	535,793
Due from investment companies and brokers	2.7	-	5,184	5,522	23,282	8,415	-	-	43,204
Prepayments on investments	2.8	-	5,000	-	-	-	-	-	5,000
Other accounts receivable	2.9	-	-	3	142	2	-	-	147
Cash and cash equivalents	2.5	13,329	7,977	4,230	5,783	7,191	-	-	39,123
Total assets		85,828	118,497	123,567	250,588	87,390	-	-	623,267
Liabilities									
Current liabilities									
Financial liabilities at fair value through profit or loss	2.4, 5	(27)	-	(44)	(440)	(232)	-	-	(749)
Proceeds from sale of investment companies received in advance		-	-	(175)	-	-	-	-	(200)
Shareholder redemptions payable		-	-	-	(204)	(119)	-	-	(323)
Advisory and performance fees payable		(501)	(313)	(155)	(328)	(113)	-	-	(1,432)
Other accounts payable and accrued expenses	2.11	(80)	(47)	(46)	(96)	(71)	-	-	(347)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(608)	(360)	(420)	(1,068)	(535)	-	-	(3,051)
Net assets attributable to holders of redeemable participating shares	2.12	85,220	118,137	123,147	249,520	86,855	-	-	620,216

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of €1.00 = US\$1.1450. In the total column all transactions between the various sub-funds have been eliminated.

² The financial statements of LCH (Gold) and TCH (Gold) have been prepared on the liquidation basis since all shares of these sub-funds were redeemed as of 28 September 2018.

STATEMENT OF FINANCIAL POSITION

At 31 December 2018	ACH	DCH	ECH	LCH	TCH	LCH (Gold)	TCH (Gold)
Net asset value per Class A redeemable participating share US\$	136.55	188.87	-	264.09	183.45	-	-
Number of Class A redeemable participating shares in issue	608,817	477,698	-	766,711	357,643	-	-
Net asset value per Class B redeemable participating share €	91.96	-	262.86	183.37	140.75	-	-
Number of Class B redeemable participating shares in issue	19,861	-	455,424	211,560	131,742	-	-
Net asset value per Class C redeemable participating share US\$	-	189.47	-	-	-	-	-
Number of Class C redeemable participating shares in issue	-	142,614	-	-	-	-	-
Net asset value per Class X redeemable participating share US\$	-	189.93	-	266.04	-	-	-
Number of Class X redeemable participating shares in issue	-	4,703	-	9,728	-	-	-
Net asset value per Class Y redeemable participating share €	-	-	270.46	-	-	-	-
Number of Class Y redeemable participating shares in issue	-	-	12,698	-	-	-	-

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 ¹
Income							
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		-	-	225	200	106	563
Other income		13	2	2	105	49	171
Total income/(loss)		9,165	12,287	6,889	23,331	1,764	50,026
Operating expenses							
Advisory and performance fees		(666)	(913)	(819)	(1,772)	(569)	(4,855)
Administration fees		(43)	(39)	(50)	(75)	(42)	(256)
Audit fees		(21)	(28)	(23)	(44)	(7)	(126)
Other operating expenses		(74)	(96)	(103)	(233)	(71)	(592)
Total operating expenses		(804)	(1,076)	(995)	(2,124)	(689)	(5,829)
Operating profit/(loss)		8,361	11,211	5,894	21,207	1,075	44,197
Finance costs							
Commitment fee relating to short term borrowings		(36)	(66)	(50)	(118)	(66)	(343)
Interest expense short term borrowings	2.13	(20)	(40)	(31)	(117)	(21)	(233)
Total finance costs		(56)	(106)	(81)	(235)	(87)	(576)
Profit/(loss) before taxation		8,305	11,105	5,813	20,972	988	43,621
Taxation	2.17	-	-	-	-	-	-
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

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

¹ 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 COMPREHENSIVE INCOME

For the period ended 30 June 2018		ACH	DCH	ECH	LCH	TCH	LCH (Gold)	TCH (Gold)	Total
	Notes	US\$000	US\$000	€000	US\$000	US\$000	US\$000	US\$000	US\$000 ¹
Income									
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:									
- Realised gains/(losses)	2.4	11,531	2,804	(1,914)	2,368	(4,321)	361	120	11,739
- Change in unrealised gains/(losses)	2.4	(10,870)	4,180	4,427	(1,851)	3,491	(907)	(377)	(5,640)
Interest income	2.13	-	78	-	53	61	2	-	194
Fee rebate	6	-	-	11	1,082	-	76	32	1,203
Dividend income		763	-	-	-	-	-	-	763
Surplus on repurchase of own shares		-	-	30	288	152	-	-	476
Other income		189	-	56	4	-	-	1	260
Total income/(loss)		1,613	7,062	2,610	1,944	(617)	(468)	(224)	8,995
Operating expenses									
Advisory and performance fees		(2,910)	(1,208)	(1,267)	(2,728)	(1,570)	(78)	(33)	(10,027)
Administration fees		(161)	(67)	(81)	(131)	(85)	-	-	(540)
Audit fees		(15)	(18)	(25)	(72)	(44)	(10)	(9)	(198)
Other operating expenses		(155)	(69)	(106)	(232)	(180)	-	(2)	(763)
Total operating expenses		(3,241)	(1,362)	(1,479)	(3,163)	(1,879)	(88)	(44)	(11,528)
Operating profit/(loss)		(1,628)	5,700	1,131	(1,219)	(2,496)	(556)	(268)	(2,533)
Finance costs									
Commitment fee relating to short term borrowings		(44)	(53)	(61)	(138)	(111)	(8)	(4)	(430)
Interest expense short term borrowings	2.13	(13)	(10)	(42)	(1)	(40)	-	-	(114)
Interest expense loan	2.13	-	-	-	(31)	-	-	-	(31)
Total finance costs		(57)	(63)	(103)	(170)	(151)	(8)	(4)	(575)
Profit/(loss) before taxation		(1,685)	5,637	1,028	(1,389)	(2,647)	(564)	(272)	(3,108)
Taxation	2.17	-	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(1,685)	5,637	1,028	(1,389)	(2,647)	(564)	(272)	(3,108)

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

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1837. 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 2019	ACH US\$000	DCH US\$000	ECH €000 ¹	LCH US\$000	TCH US\$000	Total US\$000 ¹
Net assets attributable to holders of redeemable participating shares at 1 January	85,220	118,137	123,147	249,520	86,855	620,216
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)
Net increase/(decrease) from share transactions	(2,597)	2,612	(19,893)	(34,736)	(15,578)	(73,007)
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)
Net assets attributable to holders of redeemable participating shares at 30 June	90,928	131,854	109,067	235,756	72,265	590,017

¹ 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 CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June 2018	ACH US\$000	DCH US\$000	ECH €000 ¹	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH (Gold) US\$000	Total US\$000 ¹
Net assets attributable to holders of redeemable participating shares at 1 January	285,557	131,515	180,124	433,088	307,452	22,275	7,904	1,276,209
Increase from redeemable participating shares issued	7,341	31,000	586	4,186	2,261	-	-	44,267
Decrease due to redeemable participating shares repurchased	(14,906)	(20,881)	(17,487)	(87,194)	(83,063)	(11,761)	(3,582)	(221,535)
Net increase/(decrease) from share transactions	(7,565)	10,119	(16,901)	(83,008)	(80,802)	(11,761)	(3,582)	(177,268)
Distributions to shareholders	(437)	-	-	-	-	-	-	(437)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	(1,685)	5,637	1,028	(1,389)	(2,647)	(564)	(272)	(3,108)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(6,142)
Net assets attributable to holders of redeemable participating shares at 30 June	275,870	147,271	164,251	348,691	224,003	9,950	(4,050)	1,089,254

¹ All amounts relating to ECH which is denominated in Euro, at 1 January have been converted at an FX rate of €1.00 = US\$1.2007. 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\$1.1837. 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\$6.1 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.

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 ¹
Cash flows from operating activities							
Profit/(loss) before taxation		8,305	11,105	5,813	20,972	988	43,621
Adjustments for:							
Interest income		(42)	(43)	-	(58)	(37)	(180)
Surplus on repurchase of own shares		-	-	-	(200)	(106)	(306)
Other income		(13)	(2)	(2)	(105)	(49)	(171)
Finance costs		56	106	81	235	87	576
Foreign exchange (gains)/losses on cash and cash equivalents		-	-	-	(33)	(28)	(61)
Net changes in:							
Due from investments 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		-	-	-	200	106	306
Other income received		13	2	2	105	49	171
Finance costs paid		(56)	(106)	(81)	(235)	(87)	(576)
Net cash from operating activities		(8,404)	(9,193)	15,664	21,205	20,219	42,506
Cash flows from financing activities							
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)
Net cash from financing activities		(2,582)	2,629	(17,893)	(22,921)	(15,682)	(58,988)
Net increase/(decrease) in cash and cash equivalents		(10,986)	(6,564)	(2,229)	(1,716)	4,537	(16,482)
Foreign currency translation adjustment		-	-	-	-	-	(813)
Cash and cash equivalents at 1 January		13,329	7,977	4,230	5,783	7,191	39,123
Cash and cash equivalents at 30 June	2.5	2,343	1,413	2,001	4,067	11,728	21,828

¹ 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.

STATEMENT OF CASH FLOWS

For the period ended 30 June 2018	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH (Gold) US\$000	Total US\$000 ¹
Cash flows from operating activities									
Profit/(loss) before taxation		(1,685)	5,637	1,028	(1,389)	(2,647)	(564)	(272)	(3,108)
Adjustments for:									
Interest income		-	-	-	(53)	(61)	(2)	-	(116)
Surplus on repurchase of own shares		-	-	-	(288)	(152)	-	-	(476)
Other income		(189)	-	(56)	(4)	-	-	(1)	(260)
Finance costs		57	63	103	170	151	8	4	575
Foreign exchange (gains)/losses on cash and cash equivalents		-	-	-	28	(1,753)	-	-	(1,725)
Net changes in:									
Due from investments companies and brokers		19,288	29,146	11,562	88,243	34,304	11,567	3,554	199,984
Other accounts receivable		(304)	-	25	133	5	(13)	(7)	(156)
Prepayments on investments		-	(5,000)	-	-	-	-	-	(5,000)
Due to investment companies and brokers		2,910	-	-	-	-	-	-	2,910
Advisory and performance fees payable		(3,020)	(272)	412	808	402	4	7	(1,597)
Other accounts payable and accrued expenses		-	(7)	(14)	(86)	(29)	(4)	(4)	(148)
Financial assets at fair value through profit or loss		(2,304)	(33,043)	1,271	12,973	49,140	(162)	(63)	17,752
Financial liabilities at fair value through profit or loss		189	-	220	2,924	3,553	400	164	7,487
Interest income received		-	-	-	53	61	2	-	116
Surplus on repurchase of own shares received		-	-	-	288	152	-	-	476
Other income received		189	-	56	4	-	-	1	260
Finance costs paid		(57)	(63)	(103)	(170)	(151)	(8)	(4)	(575)
Net cash from operating activities		15,074	(3,539)	14,504	103,634	82,975	11,228	3,379	216,399
Cash flows from financing activities									
Short term borrowings		-	-	6,000	(16,000)	-	-	-	(9,000)
Proceeds from redeemable participating shares issued		7,341	37,987	586	4,186	2,261	-	-	51,254
Paid on redeemable participating shares repurchased		(14,906)	(20,881)	(17,487)	(88,456)	(83,533)	(11,761)	(3,582)	(223,267)
Distributions paid		(436)	-	-	-	-	-	-	(436)
Net cash from financing activities		(8,001)	17,106	(10,901)	(100,270)	(81,272)	(11,761)	(3,582)	(181,449)
Net increase/(decrease) in cash and cash equivalents		7,073	13,567	3,603	3,364	1,703	(533)	(203)	34,950
Foreign currency translation adjustment		-	-	-	-	-	-	-	(6,142)
Cash and cash equivalents at 1 January		26,096	1,791	10,810	2,818	13,189	579	224	57,676
Cash and cash equivalents at 30 June	2.5	33,169	15,358	14,413	6,182	14,892	46	21	86,484

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at an FX rate of €1.00 = US\$1.1667. 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”)
- European Capital Holdings (“ECH”)
- Leveraged Capital Holdings (“LCH”)
- Trading Capital Holdings (“TCH”)

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.

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 2019 or later years:

Standards and amendments to existing standards effective 1 January 2019

Interpretation 23 ‘Uncertainty over income tax treatments’

This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 ‘Income Taxes’ (“IAS 12”) when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current

or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

When there is uncertainty over income tax treatments, this interpretation addresses:

- a) whether an entity considers uncertain tax treatments separately;
- b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- d) how an entity considers changes in facts and circumstances.

The adoption of the above standard had no material impact to the Company’s financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Company.

New standards, amendments and interpretations effective after 1 January 2019 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 2019, 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).

NOTES TO THE FINANCIAL STATEMENTS

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 investments 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 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 net asset values.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2019:

Asian Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	24,197	-	24,197
Greater China	-	46,898	-	46,898
Total investment companies	-	71,095	-	71,095
Forward FX contracts	-	41	-	41
Total financial assets at fair value through profit or loss	-	71,136	-	71,136

Discovery Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	127,488	64	127,552
Total financial assets at fair value through profit or loss	-	127,488	64	127,552

NOTES TO THE FINANCIAL STATEMENTS

European Capital Holdings	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	-	7,657	-	7,657
Equity Long/Short	-	101,932	-	101,932
Total investment companies	-	109,589	-	109,589
Total financial assets at fair value through profit or loss	-	109,589	-	109,589

Leveraged Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	-	161,327	16,008	177,335
Equity Opportunistic	-	-	974	974
Event Driven	-	23,045	2,744	25,789
Macro and Other	-	40,200	-	40,200
Total investment companies	-	224,572	19,726	244,298
Forward FX contracts	-	682	-	682
Total financial assets at fair value through profit or loss	-	225,254	19,726	244,980

Trading Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Concentrated strategies	-	18,061	87	18,148
Credit	-	7,648	230	7,878
Diversified macro	-	13,608	277	13,885
Emerging markets	-	19,666	-	19,666
Investment companies in run-off	-	-	2	2
Total investment companies	-	58,983	596	59,579
Forward FX contracts	-	276	-	276
Total financial assets at fair value through profit or loss	-	59,259	596	59,855

NOTES TO THE FINANCIAL STATEMENTS

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 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	11,888	-	11,888
Prepayment on investments	-	12,000	-	12,000
Other accounts receivable	-	1,066	-	1,066
Cash and cash equivalents	21,828	-	-	21,828
Total	21,828	24,954	-	46,782
Liabilities				
Advisory and performance fees payable	-	(5,414)	-	(5,414)
Short terms borrowings	(14,342)	-	-	(14,342)
Other accounts payable and accrued expenses	-	(341)	-	(341)
Total	(14,342)	(5,755)	-	(20,097)

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2018:

Asian Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	22,926	738	23,664
Diversified Asian Strategies	-	8,189	-	8,189
Greater China	-	40,646	-	40,646
Total investment companies	-	71,761	738	72,499
Total financial assets at fair value through profit or loss	-	71,761	738	72,499

Discovery Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	100,336	-	100,336
Total financial assets at fair value through profit or loss	-	100,336	-	100,336

NOTES TO THE FINANCIAL STATEMENTS

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
European Capital Holdings				
Investment companies:				
Equity Long	-	6,533	367	6,900
Equity Long/Short	-	102,705	-	102,705
Macro	-	3,752	-	3,752
Investment companies in run-off	-	-	455	455
Total investment companies	-	112,990	822	113,812
Total financial assets at fair value through profit or loss	-	112,990	822	113,812

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Leveraged Capital Holdings				
Investment companies:				
Equity Long Biased	-	142,320	14,237	156,557
Equity Opportunistic	-	-	1,674	1,674
Event Driven	-	20,357	2,835	23,192
Macro and Other	-	39,958	-	39,958
Total investment companies	-	202,635	18,746	221,381
Total financial assets at fair value through profit or loss	-	202,635	18,746	221,381

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Trading Capital Holdings				
Investment companies:				
Concentrated strategies	-	18,044	171	18,215
Credit	-	7,828	316	8,144
Diversified macro	-	16,171	256	16,427
Emerging markets	-	24,027	-	24,027
Sovereign debt	-	4,966	-	4,966
Investment companies in run-off	-	-	3	3
Total investment companies	-	71,036	746	71,782
Total financial assets at fair value through profit or loss	-	71,036	746	71,782

The following is a summary of the financial liabilities at fair value through profit or loss as at 31 December 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
ACH - Forward FX contracts	-	(27)	-	(27)
ECH - Forward FX contracts	-	(50)	-	(50)
LCH - Forward FX contracts	-	(440)	-	(440)
TCH - Forward FX contracts	-	(232)	-	(232)
Total financial liabilities at fair value through profit or loss	-	(749)	-	(749)

NOTES TO THE FINANCIAL STATEMENTS

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 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	43,204	-	43,204
Prepayment on investments	-	5,000	-	5,000
Other accounts receivable	-	147	-	147
Cash and cash equivalents	39,123	-	-	39,123
Total	39,123	48,351	-	87,474
Liabilities				
Proceeds from sale of investment companies received in advance	-	(200)	-	(200)
Shareholder redemptions payable	-	(323)	-	(323)
Advisory and performance fees payable	-	(1,432)	-	(1,432)
Other accounts payable and accrued expenses	-	(347)	-	(347)
Total	-	(2,302)	-	(2,302)

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

Investments over 5% of net assets of the Company as at 30 June 2019 were:

	30/06/19 US\$000	% of NAV
Investment by LCH in DCH	46,997	8.0

Investments over 5% of net assets of the Company as at 31 December 2018 were:

	31/12/18 US\$000	% of NAV
Investment by LCH in DCH	42,952	6.9

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 2019 were:

	Invested in	30/06/19 US\$000	% of NAV
LCH (US\$)	DCH	46,997	8.0
LCH (US\$)	TCH	17,907	3.0

Investments in sub-funds of the Company as at 31 December 2018 were:

	Invested in	31/12/18 US\$000	% of NAV
LCH (US\$)	DCH	42,952	6.9
LCH (US\$)	TCH	17,567	2.8

NOTES TO THE FINANCIAL STATEMENTS

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 US Dollar exposure back to the Euro. 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 2019 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	1,915	(2,141)	03/07/2019	41
LCH	34,790	(38,893)	03/07/2019	682
TCH	13,485	(15,070)	03/07/2019	276
Total				999

Included under financial liabilities at fair value through profit or loss at 31 December 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	1,839	(2,131)	10/01/2019	(27)
ECH	4,063	(4,705)	10/01/2019	(50)
LCH	39,300	(45,496)	10/01/2019	(440)
TCH	18,640	(21,602)	10/01/2019	(232)
Total				(749)

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; 2018: €10,000) and in its capacity as Agent of the Company (from 29 May 2017);
- Edmond de Rothschild Asset Management (Suisse) SA: in its capacity as Swiss Representative of the Company (annual fee €3,000; 2018: €3,000);
- KB Associates: as service provider to the Company (annual fee €189,000; 2018: €189,000);
- Londinium Ltd: as service provider to the Company (annual fee nil; 2018: €75,000).

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 2019 amounted to US\$18,762 (31 December 2018: US\$187,798) 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 2018: €315,000).

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.

Details of any fees payable to the investment adviser 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 2019 was used for ACH: €1.00 = US\$1.1390, for ECH: €1.00 = US\$1.1380 (31 December 2018: for ACH: €1.00 = US\$1.1458, for ECH: €1.00 = US\$1.1450) and for all other funds: €1.00 = US\$1.1370 (31 December 2018: US\$1.1458).

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

Effective as of 1 March 2019, Citco Fund Services (Ireland) Limited was appointed as Administrator and Citco Bank Nederland NV, Dublin Branch was appointed as Depositary of the Company. This was reflected in an updated prospectus issued on 1 March 2019.

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. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.



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.

From 1 March 2018, 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. Prior to 1 March 2018, ACH Investment Advisors SA was the Investment Advisor of ACH.

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 INCEPTION¹

Date	NAV per share Class A - US\$	NAV per share Class B - € ²	Performance % ³
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)
30/06/19	149.97	99.42	9.8

* 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.

² Launched at €100.00 on 27 September 2007

³ Of Class A shares

Past performance is not necessarily a guide to future performance.

¹ 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.

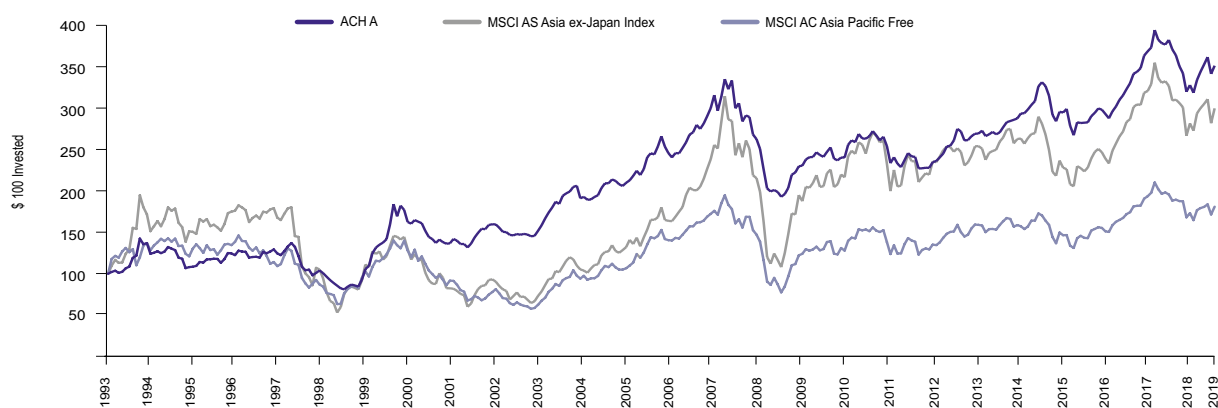
ASIAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	ACH % ⁴	Index % ⁵
6 months	9.8	9.1
1 year p.a.	(5.1)	(3.6)
3 years p.a.	7.2	7.5
5 years p.a.	4.6	1.9
Since Inception p.a.	4.5	2.1

⁴ Of Class A shares, adjusted for dividend payments

⁵ MSCI AC Asia Pacific Free

Value of US\$100 Invested



¹ 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	30/06/19 US\$000	31/12/18 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	71,136	72,499
Due from investment companies and brokers	2	10,560	-
Prepayments on investments	2	8,000	-
Other accounts receivable	2	13	-
Cash and cash equivalents	2, 3	<u>2,343</u>	<u>13,329</u>
Total assets		<u>92,052</u>	<u>85,828</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	-	(27)
Advisory and performance fees payable		(1,059)	(501)
Short term borrowings	2, 3	(15)	-
Other accounts payable and accrued expenses	2	<u>(50)</u>	<u>(80)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(1,124)</u>	<u>(608)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>90,928</u>	<u>85,220</u>
Net asset value per Class A redeemable participating share		US\$149.97	US\$136.55
Net asset value per Class B redeemable participating share		€99.42	€91.96

ASIAN CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	6,095	11,531
- Change in unrealised gains/(losses)	6	3,015	(10,870)
Interest income	2	42	-
Dividend income		-	763
Other income		13	189
Total income/(loss)		9,165	1,613
Operating expenses			
Advisory and performance fees	7	(666)	(2,910)
Administration fees	8	(43)	(161)
Audit fees		(21)	(15)
Other operating expenses	9	(74)	(155)
Total operating expenses		(804)	(3,241)
Operating profit/(loss)		8,361	(1,628)
Finance costs			
Commitment fee relating to short term borrowings	3	(36)	(44)
Interest expense short term borrowings	2, 3	(20)	(13)
Total finance costs		(56)	(57)
Profit/(loss) before taxation		8,305	(1,685)
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		8,305	(1,685)

The notes on pages 47 to 54 are an integral part of these financial statements

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

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		85,220	285,557
Increase from redeemable participating shares issued	5	184	7,341
Decrease due to redeemable participating shares repurchased	5	<u>(2,781)</u>	<u>(14,906)</u>
Net increase/(decrease) from share transactions		(2,597)	(7,565)
Distributions to shareholders		-	(437)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>8,305</u>	<u>(1,685)</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>90,928</u>	<u>275,870</u>

The notes on pages 47 to 54 are an integral part of these financial statements

ASIAN CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Cash flows from operating activities			
Profit/(loss) before taxation		8,305	(1,685)
Adjustments for:			
Interest income		(42)	-
Other income		(13)	(189)
Finance costs		56	57
Net changes in:			
Due from investment companies and brokers		(10,560)	19,288
Prepayments on investments		(8,000)	-
Other accounts receivable		(13)	(304)
Due to investment companies and brokers		-	2,910
Advisory and performance fees payable		558	(3,020)
Other accounts payable and accrued expenses		(30)	-
Financial assets at fair value through profit or loss		1,363	(2,304)
Financial liabilities at fair value through profit or loss		(27)	189
Interest income received		42	-
Other income received		13	189
Finance costs paid		(56)	(57)
Net cash from operating activities		(8,404)	15,074
Cash flows from financing activities			
Short term borrowings		15	-
Proceeds from redeemable participating shares issued		184	7,341
Paid on redeemable participating shares repurchased		(2,781)	(14,906)
Distributions paid		-	(436)
Net cash from financing activities		(2,582)	(8,001)
Net increase/(decrease) in cash and cash equivalents		(10,986)	7,073
Cash and cash equivalents at 1 January		13,329	26,096
Cash and cash equivalents at 30 June	2, 3	2,343	33,169

The notes on pages 47 to 54 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	30/06/19 US\$000	31/12/18 US\$000
Cash at bank:		
Cash US\$	2,342	13,329
Cash €	<u>1</u>	<u>-</u>
Total cash and cash equivalents	<u>2,343</u>	<u>13,329</u>

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.

From 1 March 2019, ACH maintained a line of credit with Amatheia Lending Designated Activity Company, on which ACH pays 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. As at 30 June 2019, the committed line of credit amounted to US\$11 million.

Prior to 1 March 2019, ACH maintained a line of credit with BNP Paribas, Dublin Branch, on which ACH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. As at 31 December 2018, the committed line of credit amounted to US\$9.5 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 2018: nil).

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.

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 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	24,197	-	24,197
Greater China	-	46,898	-	46,898
Total investment companies	-	71,095	-	71,095
Forward FX contracts	-	41	-	41
Total financial assets at fair value through profit or loss	-	71,136	-	71,136

The following table presents the movement of Level 3 investments for the period ended 30 June 2019 by category of investment:

	Asia US\$000	Total US\$000
Opening balance	738	738
Sales	(673)	(673)
Gains/(losses) recognised	(65)	(65)
Closing balance	-	-

During the period ended 30 June 2019, 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 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	22,926	738	23,664
Diversified Asian Strategies	-	8,189	-	8,189
Greater China	-	40,646	-	40,646
Total investment companies	-	71,761	738	72,499
Total financial assets at fair value through profit or loss	-	71,761	738	72,499

The following is a summary of the financial liabilities at fair value through profit or loss as at 31 December 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(27)	-	(27)
Total financial liabilities at fair value through profit or loss	-	(27)	-	(27)

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table presents the movement of Level 3 investments for the year ended 31 December 2018 by category of investment:

	Asia US\$000	Total US\$000
Opening balance	-	-
Sales	-	-
Transfers into/(out of) Level 3	738	738
Gains/(losses) recognised	-	-
Closing balance	738	738

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 financial year 2018, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

Up to 21 December 2018, ACH invested a portion of its assets, such portion being the sub-account, directly. Effective as of 21 December 2018 this sub-account was closed.

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 30 June 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	10,560	-	10,560
Prepayments on investments	-	8,000	-	8,000
Other accounts receivable	-	13	-	13
Cash and cash equivalents	2,343	-	-	2,343
Total	2,343	18,573	-	20,916
Liabilities				
Advisory and performance fees payable	-	(1,059)	-	(1,059)
Short term borrowings	(15)	-	-	(15)
Other accounts payable and accrued expenses	-	(50)	-	(50)
Total	(15)	(1,109)	-	(1,124)

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 31 December 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Cash and cash equivalents	13,329	-	-	13,329
Total	13,329	-	-	13,329
Liabilities				
Advisory and performance fees payable	-	(501)	-	(501)
Other accounts payable and accrued expenses	-	(80)	-	(80)
Total	-	(581)	-	(581)

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4.b. Condensed schedule of investments

A condensed schedule of investments of ACH as at 30 June 2019 was:

	30/06/19 US\$000	% of NAV
Value Partners Classic Fund	17,987	19.8
Tree Line Asia Fund	9,618	10.6
Brilliant US Feeder 2 Fund Ltd	8,275	9.1
Fenghe Asia (USTE) Fund Ltd	8,198	9.0
SPQ Asia Opportunities Fund Limited	7,178	7.9
Anatole Partners Ltd	6,382	7.0
MW TOPS China UCITS Fund	5,572	6.1
Other investments	7,926	8.7
Total financial assets at fair value through profit or loss	<u>71,136</u>	

A condensed schedule of investments of ACH as at 31 December 2018 was:

	31/12/18 US\$000	% of NAV
Value Partners Classic Fund	15,166	17.8
Tree Line Asia Fund	9,564	11.2
Fenghe Asia (USTE) Fund Ltd	8,317	9.8
HDH Master Fund	8,189	9.6
SPQ Asia Opportunities Fund Limited	7,889	9.3
Brilliant US Feeder 2 Fund Ltd	7,216	8.5
Anatole Partners Ltd	5,783	6.8
Other investments	10,375	12.2
Total financial assets at fair value through profit or loss	<u>72,499</u>	

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 US Dollar exposure back to the Euro. 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 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
	1,915	(2,141)	03/07/2019	<u>41</u>
Total				<u>41</u>

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

Included under financial liabilities at fair value through profit or loss at 31 December 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	1,839	(2,131)	10/01/2019	<u>(27)</u>
Total				<u><u>(27)</u></u>

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.

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>
Redeemable participating shares at 30 June 2019 - US\$	88,729	2,199	90,928
Redeemable participating shares at 30 June 2019 - €	<u>-</u>	<u>1,931</u>	<u>-</u>
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>
Shares outstanding at 30 June 2019	591,626	19,421	611,047
Net asset value per redeemable participating share at 30 June 2019	US\$149.97	€99.42	-

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 2018 are summarised below:

US\$000	Class A	Class B	Class X	Total
Redeemable participating shares at 1 January 2018	280,839	3,512	1,206	285,557
Subscriptions	7,341	-	-	7,341
Redemptions	(14,578)	(328)	-	(14,906)
Distributions	(429)	(6)	(2)	(437)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>(1,561)</u>	<u>(124)</u>	<u>-</u>	<u>(1,685)</u>
Redeemable participating shares at 30 June 2018 - US\$	271,612	3,054	1,204	275,870
Redeemable participating shares at 30 June 2018 - €	<u>-</u>	<u>2,621</u>	<u>-</u>	<u>-</u>
Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2018	1,764,100	26,617	7,500	1,798,217
Subscriptions	44,567	-	-	44,567
Redemptions	<u>(89,682)</u>	<u>(2,348)</u>	<u>-</u>	<u>(92,030)</u>
Shares outstanding at 30 June 2018	<u>1,718,985</u>	<u>24,269</u>	<u>7,500</u>	<u>1,750,754</u>
Net asset value per redeemable participating share at 30 June 2018	US\$158.01	€108.00	US\$160.53	

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

For the period ended 30 June	2019 US\$000	2018 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	6,335	11,746
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(240)</u>	<u>(215)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	6,095	11,531
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	8,748	9,081
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(5,733)</u>	<u>(19,951)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>3,015</u>	<u>(10,870)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>9,110</u>	<u>661</u>

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.

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2019 US\$000	2018 US\$000
Advisory fees	(666)	(2,422)
Performance fees	-	(488)
Total	(666)	(2,910)

LCH Investments NV (up to 28 February 2018 ACH Investment Advisors SA) 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.

ACH invests a portion of its assets, such portion being the sub-account, directly. The sub-account is managed by the Investment Manager which is entitled to an amount in cash of 0.75% per annum of the net asset value of the sub-account and payable quarterly. As of 21 December 2018, the sub-account was closed.

LCH Investments NV (up to 28 February 2018 ACH Investment Advisors SA) 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 and adjusted to exclude the portion of the performance that is attributable to the sub-account. 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).

The Investment Manager of the sub-account is entitled to a performance fee calculated in respect of each calendar year and payable in cash up to 20% of the increase of the NAV of the sub-account over the highest NAV of the sub-account previously attained as at any previous 31 December or from inception of the sub-account (the “high water mark”), taking into account realised and unrealised gains and losses, and expenses, and any additions to or withdrawals from the sub-account. This means that no performance fee is accrued or paid until the NAV of the sub-account on which the performance fee was previously accrued and paid has been surpassed. The Investment Advisor receives from the Investment Manager of the sub-account a fee corresponding to a performance fee of 5% of the increase of the NAV of the sub-account over the highest NAV of the sub-account previously attained as at any previous 31 December or from inception of the sub-account, taking into account realised and unrealised gains and losses, and expenses, and any additions to or withdrawals from the sub-account.

The agreement with the Investment Manager of the sub-account was terminated with effect from 21 December 2018.

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. The net assets of ACH for this purpose shall exclude the amount of ACH’s investment in its sub-account.

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2019 US\$000	2018 US\$000
Directors fees	(25)	(40)
Depositary fees	(14)	(25)
Legal fees	(11)	(2)
Other professional fees	(7)	-
Paying agent fees	(2)	(22)
Regulatory fees	(4)	(2)
Miscellaneous expenses	(11)	(64)
Total	(74)	(155)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2019 was used: €1.00 = US\$1.1390 (31 December 2018: US\$1.1458).



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. The redemption of shares may be postponed under certain circumstances, as described in the prospectus.

DISCOVERY CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class A - US\$	NAV per share Class C - US\$	Performance ³ %
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)
30/06/19	206.38	207.77	9.3

	DCH ³ %	S&P500 ² %
6 months	9.3	18.2
1 year p.a.	(3.5)	9.7
3 years p.a.	6.0	13.5
5 years p.a.	1.6	10.0
Since Inception p.a.	7.6	5.3

² S&P500 (70% dividend reinvested)

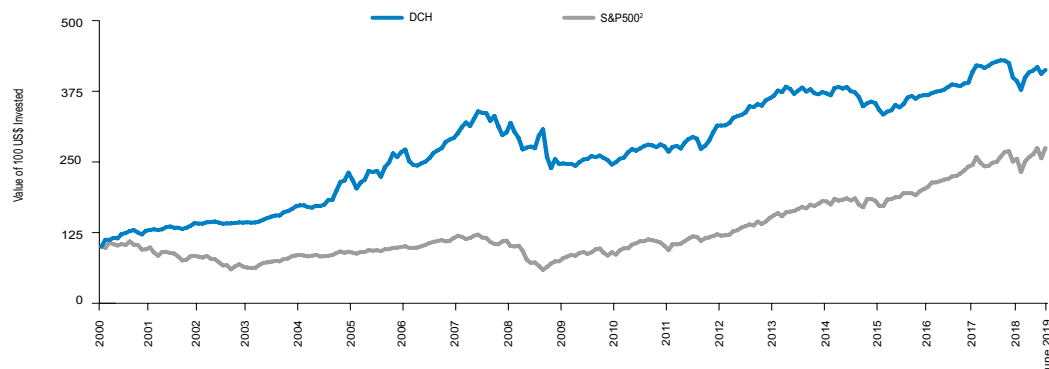
³ Of Class A US\$ shares

† 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



¹ 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	30/06/2019 US\$000	31/12/2018 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	127,552	100,336
Due from investment companies and brokers	2	-	5,184
Prepayments on investments	2	4,000	5,000
Other accounts receivable	2	14	-
Cash and cash equivalents	2, 3	<u>1,413</u>	<u>7,977</u>
Total assets		<u>132,979</u>	<u>118,497</u>
Liabilities			
Current liabilities			
Advisory and performance fees payable		(1,059)	(313)
Short term borrowings	2, 3	(17)	-
Other accounts payable and accrued expenses	2	<u>(49)</u>	<u>(47)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(1,125)</u>	<u>(360)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>131,854</u>	<u>118,137</u>
Net asset value per Class A redeemable participating share		US\$206.38	US\$188.87
Net asset value per Class C redeemable participating share		US\$207.77	US\$189.47
Net asset value per Class X redeemable participating share		US\$208.81	US\$189.93

The notes on pages 62 to 67 are an integral part of these financial statements

DISCOVERY CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	8,130	2,804
- Change in unrealised gains/(losses)	6	4,112	4,180
Interest income	2	43	78
Other income		2	-
Total income/(loss)		12,287	7,062
Operating expenses			
Advisory and performance fees	7	(913)	(1,208)
Administrator fees	8	(39)	(67)
Audit fees		(28)	(18)
Other operating expenses	9	(96)	(69)
Total operating expenses		(1,076)	(1,362)
Operating profit/(loss)		11,211	5,700
Finance costs			
Commitment fee relating to short term borrowings	3	(66)	(53)
Interest expense short term borrowings	2, 3	(40)	(10)
Total finance costs		(106)	(63)
Profit/(loss) before taxation		11,105	5,637
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		11,105	5,637

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

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		118,137	131,515
Increase from redeemable participating shares issued	5	3,000	31,000
Decrease due to redeemable participating shares repurchased	5	<u>(388)</u>	<u>(20,881)</u>
Net increase/(decrease) from share transactions		2,612	10,119
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>11,105</u>	<u>5,637</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>131,854</u>	<u>147,271</u>

The notes on pages 62 to 67 are an integral part of these financial statements

DISCOVERY CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Cash flows from operating activities			
Profit/(loss) before taxation		11,105	5,637
Adjustments for:			
Interest income		(43)	(78)
Other income		(2)	-
Finance costs		106	63
Net changes in:			
Due from investment companies and brokers		5,184	29,146
Prepayments on investments		1,000	(5,000)
Other accounts receivable		(14)	-
Advisory and performance fees payable		746	(272)
Other accounts payable and accrued expenses		2	(7)
Financial assets at fair value through profit or loss		(27,216)	(33,043)
Interest income received		43	78
Other income received		2	-
Finance costs paid		(106)	(63)
Net cash from operating activities		(9,193)	(3,539)
Cash flows from financing activities			
Short term borrowings		17	-
Proceeds from redeemable participating shares issued		3,000	37,987
Paid on redeemable participating shares repurchased		(388)	(20,881)
Net cash from financing activities		2,629	17,106
Net increase/(decrease) in cash and cash equivalents		(6,564)	13,567
Cash and cash equivalents at 1 January		7,977	1,791
Cash and cash equivalents at 30 June	2, 3	1,413	15,358

The notes on pages 62 to 67 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	30/06/19 US\$000	31/12/18 US\$000
Cash at bank:		
Cash US\$	1,412	7,977
Cash €	<u>1</u>	<u>-</u>
Total cash and cash equivalents	<u>1,413</u>	<u>7,977</u>

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.

From 1 March 2019, DCH maintained a line of credit with Amatheia Lending Designated Activity Company, on which DCH pays 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. As at 30 June 2019, the committed line of credit amounted to US\$23 million.

Prior to 1 March 2019, DCH maintained a line of credit with BNP Paribas, Dublin Branch, on which DCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. As at 31 December 2018, the committed line of credit amounted to €20 million.

DCH 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, DCH had drawn an amount of US\$0.02 million (31 December 2018: nil).

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.

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 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	127,488	64	127,552
Total financial assets at fair value through profit or loss	-	127,488	64	127,552

The following table presents the movement of Level 3 investments for the period ended 30 June 2019 by category of investment:

	Emerging Managers US\$000	Total US\$000
Opening balance	-	-
Transfers into/(out of) Level 3	64	64
Closing balance	64	64

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 2019, 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 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	100,336	-	100,336
Total financial assets at fair value through profit or loss	-	100,336	-	100,336

During the financial year 2018, there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 30 June 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Prepayments on investments	-	4,000	-	4,000
Other accounts receivable	-	14	-	14
Cash and cash equivalents	1,413	-	-	1,413
Total	1,413	4,014	-	5,427
Liabilities				
Advisory and performance fees payable	-	(1,059)	-	(1,059)
Short term borrowings	(17)	-	-	(17)
Other accounts payable and accrued expenses	-	(49)	-	(49)
Total	(17)	(1,108)	-	(1,125)

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 31 December 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	5,184	-	5,184
Prepayments on investments	-	5,000	-	5,000
Cash and cash equivalents	7,977	-	-	7,977
Total	7,977	10,184	-	18,161
Liabilities				
Advisory and performance fees payable	-	(313)	-	(313)
Other accounts payable and accrued expenses	-	(47)	-	(47)
Total	-	(360)	-	(360)

4.b. Condensed schedule of investments

A condensed schedule of investments of DCH as at 30 June 2019 was:

	30/06/19 US\$000	% of NAV
Armistice Capital Offshore Fund Ltd	15,687	11.9
Freshford Fund Ltd	15,154	11.5
Honeycomb Offshore Fund Ltd	14,797	11.2
Bishop Rock Opportunity Offshore Fund Ltd	12,579	9.5
Sunriver Fund Ltd	11,705	8.9
Castle Hook Offshore Fund Ltd	10,953	8.3
Two Creeks Capital Offshore Fund Ltd	8,863	6.7
Other investments	37,814	28.7
Total financial assets at fair value through profit or loss	127,552	

A condensed schedule of investments of DCH as at 31 December 2018 was:

	31/12/18 US\$000	% of NAV
Castle Hook Offshore Fund Ltd	14,575	12.3
Freshford Fund Ltd	13,880	11.7
Honeycomb Offshore Fund Ltd	13,359	11.3
Armistice Capital Offshore Fund Ltd	13,259	11.2
Bishop Rock Opportunity Offshore Fund Ltd	11,614	9.8
Two Creeks Capital Offshore Fund Ltd	8,798	7.4
Indaba Capital Partners (Cayman) LP	6,939	5.9
Other investments	17,912	15.2
Total financial assets at fair value through profit or loss	100,336	

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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 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
Redeemable participating shares at 30 June 2019 - US\$	98,187	32,685	982	131,854
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)
Shares outstanding at 30 June 2019	475,764	157,313	4,703	637,780
Net asset value per redeemable participating share at 30 June 2019	US\$206.38	US\$207.77	US\$208.81	

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 2018 are summarised below:

US\$000	Class A	Class C	Class X	Total
Redeemable participating shares at 1 January 2018	131,515	-	-	131,515
Subscriptions	-	30,000	1,000	31,000
Redemptions	(20,881)	-	-	(20,881)
Net increase/(decrease) in redeemable participating shares resulting from operations	5,080	550	7	5,637
Redeemable participating shares at 30 June 2018 - US\$	115,714	30,550	1,007	147,271
Shares	Class A	Class C	Class X	Total
Shares outstanding at 1 January 2018	643,245	-	-	643,245
Subscriptions	-	142,614	4,703	147,317
Redemptions	(102,056)	-	-	(102,056)
Shares outstanding at 30 June 2018	541,189	142,614	4,703	688,506
Net asset value per redeemable participating share at 30 June 2018	US\$213.81	US\$214.21	US\$214.13	

DISCOVERY 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	2019 US\$000	2018 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	11,082	3,696
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,952)</u>	<u>(892)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	8,130	2,804
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	4,654	16,606
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(542)</u>	<u>(12,426)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	4,112	4,180
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	12,242	6,984

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2019 US\$000	2018 US\$000
Advisory fees	(865)	(923)
Performance fees	<u>(48)</u>	<u>(285)</u>
Total	(913)	(1,208)

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 Net Asset Value 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.

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2019 US\$000	2018 US\$000
Directors fees	(35)	(26)
Depositary fees	(16)	(18)
Legal fees	(17)	(1)
Other professional fees	(10)	-
Regulatory fees	(6)	(2)
Miscellaneous expenses	(12)	(22)
Total	(96)	(69)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2019 was used: €1.00 = US\$1.1370 (31 December 2018: US\$1.1458).



EUROPEAN CAPITAL HOLDINGS PROFILE

The principal objective of European Capital Holdings (“ECH”) is 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 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 ECH to benefit from the diversity and experience of professional portfolio managers. The investment activities of ECH include a wide range of specialised approaches and techniques used by the several managers.

The recommendation of investment managers is entrusted to the Investment Advisory Committee of the Advisory Company, whose members meet regularly to review and select managers in order to position ECH optimally in changing markets. The managers will generally be based or have 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 normally issues shares daily, at net asset value per share (NAV).

Shares may be redeemed to ECH on the last valuation day of each month, with 45 calendar days notice at net asset value. The redemption of shares by ECH may be suspended under certain circumstances, as described in the prospectus.

For the convenience of investors, and on the basis set out in ECH’s prospectus, the shares of ECH are listed on Eurolist of Euronext Amsterdam NV and are traded daily. However, ECH is not normally a party to and is not responsible for such secondary market transactions. Investors may purchase and sell through banks and brokers throughout the world.

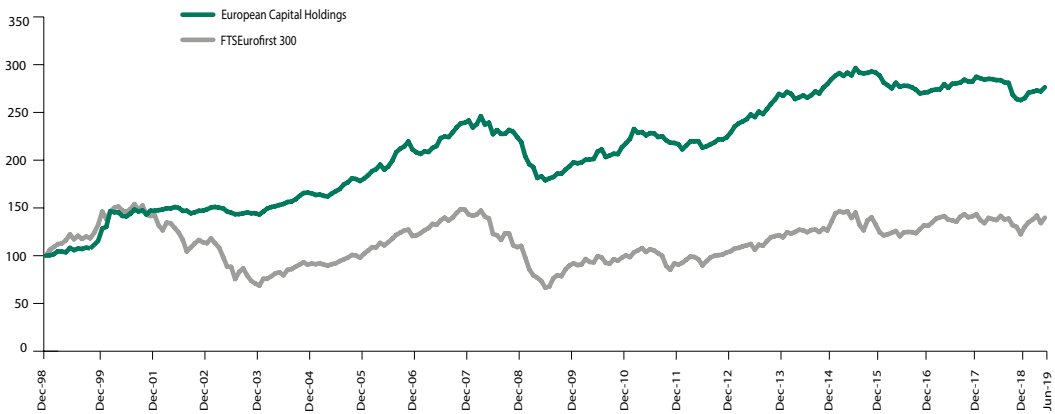
EUROPEAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

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)
30/06/19	276.40	5.2
*Inception		

¹ 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.

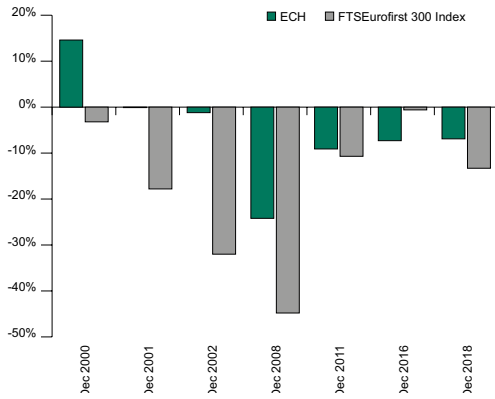
EUROPEAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	ECH %	Index %
6 months	5.2	14.2
1 year p.a.	(2.6)	1.9
3 years p.a.	(0.1)	5.1
5 years p.a.	0.6	2.0
Since Inception p.a.	5.0	1.6

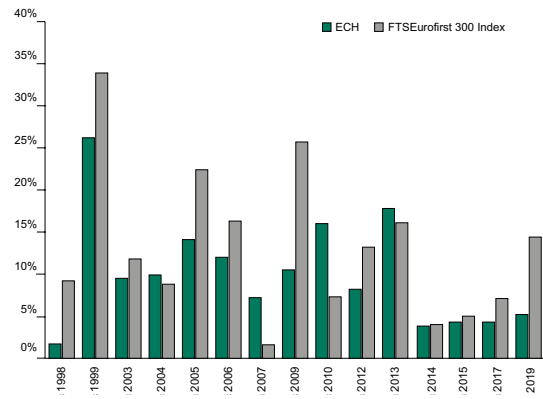


Index: FTSEurofirst 300

ECH Performance in Down Markets



Performance of ECH in Up Markets



¹ 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	30/06/19 €000	31/12/18 €000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	109,589	113,812
Due from investment companies and brokers	2	-	5,522
Other accounts receivable	2	351	3
Cash and cash equivalents	2, 3	<u>2,001</u>	<u>4,230</u>
Total assets		<u>111,941</u>	<u>123,567</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	-	(44)
Proceeds from sale of investment companies received in advance		-	(175)
Advisory and performance fees payable		(819)	(155)
Short term borrowings	2, 3	(2,000)	-
Other accounts payable and accrued expenses	2	<u>(55)</u>	<u>(46)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(2,874)</u>	<u>(420)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>109,067</u>	<u>123,147</u>
Net asset value per Class B redeemable participating share		€276.40	€262.86
Net asset value per Class Y redeemable participating share		€286.14	€270.46

EUROPEAN CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2019 €000	2018 €000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(323)	(1,914)
- Change in unrealised gains/(losses)	6	6,978	4,427
Fee rebate		7	11
Surplus on repurchase of own shares	5	225	30
Other income		2	56
Total income/(loss)		6,889	2,610
Operating expenses			
Advisory and performance fees	7	(819)	(1,267)
Administration fees	8	(50)	(81)
Audit fees		(23)	(25)
Other operating expenses	9	(103)	(106)
Total operating expenses		(995)	(1,479)
Operating profit/(loss)		5,894	1,131
Finance costs			
Commitment fee relating to short term borrowings	3	(50)	(61)
Interest expense short term borrowings	2, 3	(31)	(42)
Total finance costs		(81)	(103)
Profit/(loss) before taxation		5,813	1,028
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		5,813	1,028

The notes on pages 76 to 82 are an integral part of these financial statements

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

For the period ended 30 June		2019 €000	2018 €000
	Notes		
Net assets attributable to holders of redeemable participating shares at 1 January		123,147	180,124
Increase from redeemable participating shares issued	5	-	586
Decrease due to redeemable participating shares repurchased	5	<u>(19,893)</u>	<u>(17,487)</u>
Net increase/(decrease) from share transactions		(19,893)	(16,901)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>5,813</u>	<u>1,028</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>109,067</u>	<u>164,251</u>

EUROPEAN CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2019 €000	2018 €000
Cash flows from operating activities			
Profit/(loss) before taxation		5,813	1,028
Adjustments for:			
Other income		(2)	(56)
Finance costs		81	103
Net changes in:			
Due from investment companies and brokers		5,522	11,562
Other accounts receivable		(348)	25
Proceeds from sale of investment companies received in advance		(175)	-
Advisory and performance fees payable		664	412
Other accounts payable and accrued expenses		9	(14)
Financial assets at fair value through profit or loss		4,223	1,271
Financial liabilities at fair value through profit or loss		(44)	220
Other income received		2	56
Finance costs paid		(81)	(103)
Net cash from operating activities		15,664	14,504
Cash flows from financing activities			
Short term borrowings		2,000	6,000
Proceeds from redeemable participating shares issued		-	586
Paid on redeemable participating shares repurchased		(19,893)	(17,487)
Net cash from financing activities		(17,893)	(10,901)
Net increase/(decrease) in cash and cash equivalents		(2,229)	3,603
Cash and cash equivalents at 1 January		4,230	10,810
Cash and cash equivalents at 30 June	2, 3	2,001	14,413

The notes on pages 76 to 82 are an integral part of these financial statements

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.

3. CASH AND CASH EQUIVALENTS

As at	30/06/19 €000	31/12/18 €000
Cash at bank:		
Cash US\$	5	-
Cash €	<u>1,996</u>	<u>4,230</u>
Net cash and cash equivalents	<u>2,001</u>	<u>4,230</u>

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.

From 1 March 2019, ECH maintained a line of credit with Amatheia Lending Designated Activity Company, on which ECH pays 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. As at 30 June 2019, the committed line of credit amounted to €12.5 million.

Prior to 1 March 2019, ECH maintained a line of credit with BNP Paribas, Dublin Branch, on which ECH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. As at 31 December 2018, the committed line of credit amounted to €12.5 million.

ECH 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, ECH had drawn an amount of €2.0 million (31 December 2018: nil).

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.

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 30 June 2019:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	-	7,657	-	7,657
Equity Long/Short	-	101,932	-	101,932
Total investment companies	-	109,589	-	109,589
Total financial assets at fair value through profit or loss	-	109,589	-	109,589

The following table presents the movement of Level 3 investments for the period ended 30 June 2019 by category of investment:

For the period ended	Equity Long €000	Investment companies in run-off €000	Total €000
Opening balance	367	455	822
Purchases	-	-	-
Sales	-	-	-
Transfers into/(out of) level 3	-	-	-
Gains/(losses) recognised	(367)	(455)	(822)
Closing balance	-	-	-

During the period ended 30 June 2019, 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 2018:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	-	6,533	367	6,900
Equity Long/Short	-	102,705	-	102,705
Macro	-	3,752	-	3,752
Investment companies in run-off	-	-	455	455
Total investment companies	-	112,990	822	113,812
Total financial assets at fair value through profit or loss	-	112,990	822	113,812

The following is a summary of the financial liabilities at fair value through profit or loss as at 31 December 2018:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Forward FX contracts	-	(44)	-	(44)
Total financial liabilities at fair value through profit or loss	-	(44)	-	(44)

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table presents the movement of Level 3 investments for the year ended 31 December 2018 by category of investment:

For the year ended	Equity Long €000	Investment companies in run-off €000	Total €000
Opening balance	350	505	855
Purchases	-	-	-
Sales	-	-	-
Gains/(losses) recognised	17	(50)	(33)
Closing balance	367	455	822

During the financial year 2018, 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 30 June 2019 but for which fair value is disclosed:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets				
Other accounts receivable	-	351	-	351
Cash and cash equivalents	2,001	-	-	2,001
Total	2,001	351	-	2,352
Liabilities				
Advisory and performance fees payable	-	(819)	-	(819)
Short term borrowings	(2,000)	-	-	(2,000)
Other accounts payable and accrued expenses	-	(55)	-	(55)
Total	(2,000)	(874)	-	(2,874)

The following table analyses within the fair value hierarchy ECH's assets and liabilities (by class) not measured at fair value at 31 December 2018 but for which fair value is disclosed:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets				
Due from investment companies and brokers	-	5,522	-	5,522
Other accounts receivable	-	3	-	3
Cash and cash equivalents	4,230	-	-	4,230
Total	4,230	5,525	-	9,755
Liabilities				
Proceeds from sale of investment companies received in advance	-	(175)	-	(175)
Advisory and performance fees payable	-	(155)	-	(155)
Other accounts payable and accrued expenses	-	(46)	-	(46)
Total	-	(376)	-	(376)

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4.b. Condensed schedule of investments

A condensed schedule of investments of ECH as at 30 June 2019 was:

	30/06/19 €000	% of NAV
The Adelphi Europe Fund	21,952	20.1
MW Eureka Fund	18,964	17.4
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	16,488	15.1
Sand Grove Opportunities Fund Ltd	11,301	10.4
Blackrock UK Emerging Companies	10,640	9.8
DL Partners Opportunities Fund Ltd	8,134	7.5
Memnon European Fund	7,657	7.0
Horseman Global Fund Ltd	5,871	5.4
Other investments	8,582	7.8
Total financial assets at fair value through profit or loss	<u>109,589</u>	

A condensed schedule of investments of ECH as at 31 December 2018 was:

	31/12/18 €000	% of NAV
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	21,653	17.6
MW Eureka Fund	20,833	16.9
The Adelphi Europe Fund	19,879	16.1
Sand Grove Opportunities Fund Ltd	11,320	9.2
Blackrock UK Emerging Companies	9,676	7.9
DL Partners Opportunities Fund Ltd	7,946	6.5
Horseman Global Fund Ltd	7,172	5.8
Memnon European Fund	6,533	5.3
Other investments	8,800	7.1
Total financial assets at fair value through profit or loss	<u>113,812</u>	

4.c. Forward foreign exchange contracts

ECH enters into forward foreign exchange transactions primarily to hedge the US Dollar exposure back to the Euro. Forward foreign exchange contracts are held for trading and are valued at the forward rate and are marked to market on the valuation date.

ECH held no forward foreign exchange contract as at 30 June 2019.

Included under financial liabilities at fair value through profit or loss at 31 December 2018 is the following forward foreign exchange contract that was outstanding with BNP Paribas Securities Services:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) €000
	4,063	(4,705)	10/01/2019	<u>(44)</u>
Total				<u>(44)</u>

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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 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	<u>5,614</u>	<u>199</u>	<u>5,813</u>
Redeemable participating shares at 30 June 2019 - €	<u>105,434</u>	<u>3,633</u>	<u>109,067</u>
Shares outstanding at 1 January 2019	455,424	12,698	468,122
Redemptions	<u>(73,976)</u>	<u>-</u>	<u>(73,976)</u>
Shares outstanding at 30 June 2019	<u>381,448</u>	<u>12,698</u>	<u>394,146</u>
Net asset value per redeemable participating share at 30 June 2019	€276.40	€286.14	

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 2018 are summarised below:

€000	Class B	Class Y	Total
Redeemable participating shares at 1 January 2018	176,481	3,643	180,124
Subscriptions	586	-	586
Redemptions	(17,487)	-	(17,487)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>986</u>	<u>42</u>	<u>1,028</u>
Redeemable participating shares at 30 June 2018 - €	<u>160,566</u>	<u>3,685</u>	<u>164,251</u>
Shares outstanding at 1 January 2018	625,089	12,698	637,787
Subscriptions	2,054	-	2,054
Redemptions	<u>(61,371)</u>	<u>-</u>	<u>(61,371)</u>
Shares outstanding at 30 June 2018	<u>565,772</u>	<u>12,698</u>	<u>578,470</u>
Net asset value per redeemable participating share at 30 June 2018	€283.80	€290.18	

EUROPEAN 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	2019 €000	2018 €000
Realised gain on financial assets and liabilities at fair value through profit or loss	2,195	242
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,518)</u>	<u>(2,156)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(323)	(1,914)
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	14,773	9,602
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(7,795)</u>	<u>(5,175)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>6,978</u>	<u>4,427</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>6,655</u>	<u>2,513</u>

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2019 €000	2018 €000
Advisory fees	<u>(819)</u>	<u>(1,267)</u>
Total	<u>(819)</u>	<u>(1,267)</u>

LCH Investments NV is 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.

The Investment Adviser 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 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 Net Asset Value 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.

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2019 €000	2018 €000
Directors fees	(32)	(25)
Depositary fees	(16)	(21)
Legal fees	(15)	(2)
Other professional fees	(8)	-
Regulatory fees	(5)	(1)
Paying agent fees	(3)	(16)
Miscellaneous expenses	(24)	(41)
Total	(103)	(106)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2019 was used: €1.00 = US\$1.1380 (31 December 2018: US\$1.1450).



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.

Since its inception, LCH has been able to realise a considerable increase in the net asset value per share, substantially above US stockmarket 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 in London. 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 INCEPTION¹

	LCH		S&P 500		S&P 500 ²	
	NAV per share US\$	Performance ³ %	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

¹ 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.

² 70% dividends reinvested

³ of Class A US\$ shares

† Inception at 30 November 1969

†† Split of 10 for 1 on 17 February 1993

LEVERAGED CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	LCH		S&P 500		S&P 500 ²	
	NAV per share US\$	Performance ³ %	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
30/06/2019	288.75	+9	2,941.76	+17	8,226.96	+18

² S&P 500 (70% dividends reinvested)

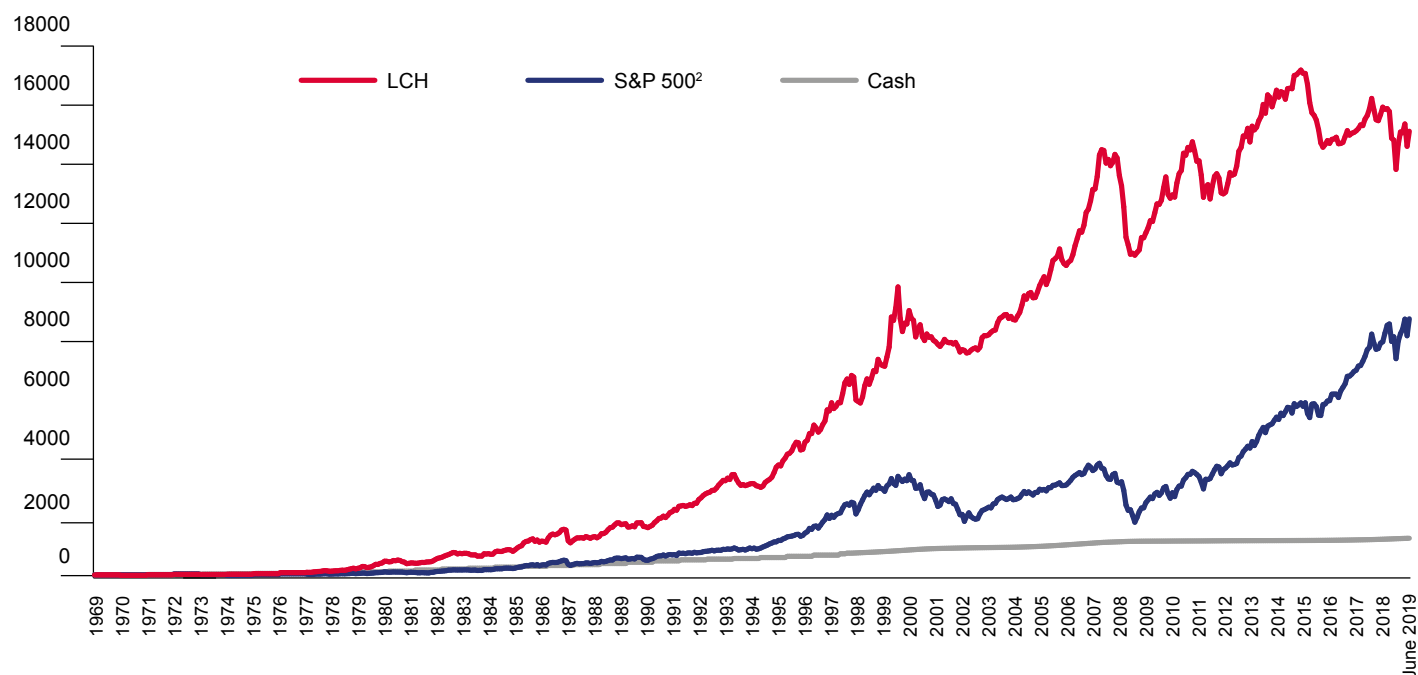
³ of Class A US\$ shares

	LCH %	S&P500 ² %	Cash ³ %
6 months	9.3	18.2	1.3
1 years p.a.	(5.1)	9.7	2.5
3 years p.a.	0.9	13.5	1.8
5 years p.a.	(1.7)	10.0	0.1
Since Inception p.a.	10.7	9.4	5.4
Value of US\$100 since inception	US\$15,118	US\$8,770	US\$1,343

² S&P 500 (70% dividends reinvested)

³ 3 month US\$ Libor

Value of US\$100 Invested at Inception

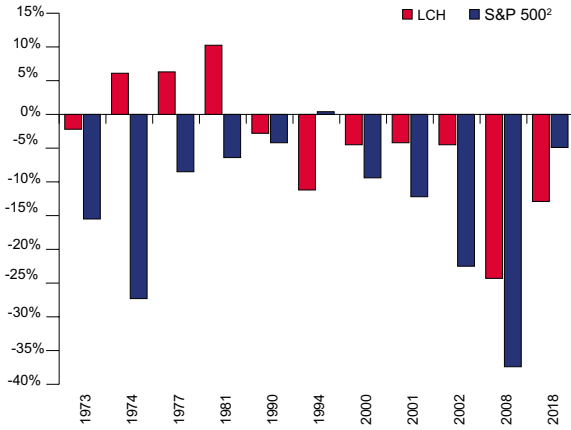


² S&P 500 (70% dividends reinvested)

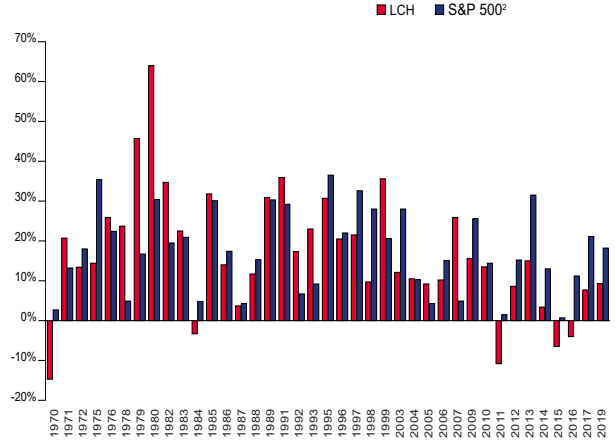
¹ Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that LCH was incorporated in Curaçao. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

LEVERAGED CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

LCH Performance in Down Markets



LCH Performance in Up Markets



² S&P 500 Index with 70% dividends reinvested. Source: Bloomberg.

¹ 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	30/06/19 US\$000	31/12/18 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	244,980	221,381
Due from investment companies and brokers	2	-	23,282
Other accounts receivable	2	625	142
Cash and cash equivalents	2, 3	4,067	5,783
Total assets		249,672	250,588
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	-	(440)
Shareholder redemptions payable		-	(204)
Advisory and performance fees payable		(1,772)	(328)
Short term borrowings	2, 3	(12,019)	-
Other accounts payable and accrued expenses	2	(125)	(96)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(13,916)	(1,068)
Net assets attributable to holders of redeemable participating shares	2, 5	235,756	(249,520)
Net asset value per Class A redeemable participating share		US\$288.75	US\$264.09
Net asset value per Class B redeemable participating share		€197.38	€183.37
Net asset value per Class X redeemable participating share		US\$292.66	US\$266.04

The notes on pages 92 to 99 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(2,455)	2,368
- Change in unrealised gains/(losses)	6	24,954	(1,851)
Interest income	2	58	53
Fee rebate		469	1,082
Surplus on repurchase of own shares		200	288
Other income		105	4
Total income/(loss)		23,331	1,944
Operating expenses			
Advisory and performance fees	7	(1,772)	(2,728)
Administration fees	8	(75)	(131)
Audit fees		(44)	(72)
Other operating expenses	9	(233)	(232)
Total operating expenses		(2,124)	(3,163)
Operating profit/(loss)		21,207	(1,219)
Finance costs			
Commitment fee relating to short term borrowings	3	(118)	(138)
Interest expense short term borrowings	2, 3	(117)	(32)
Total finance costs		(235)	(170)
Profit/(loss) before taxation		20,972	(1,389)
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		20,972	(1,389)

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	2019 US\$000	2018 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		249,520	433,088
Increase from redeemable participating shares issued	5	-	4,186
Decrease due to redeemable participating shares repurchased	5	<u>(34,736)</u>	<u>(87,194)</u>
Net increase/(decrease) from share transactions		(34,736)	(83,008)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>20,972</u>	<u>(1,389)</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>235,756</u>	<u>348,691</u>

The notes on pages 92 to 99 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		20,972	(1,389)
Adjustments for:			
Interest income		(58)	(53)
Surplus on repurchase of own shares		(200)	(288)
Other income		(105)	(4)
Finance costs		235	170
Foreign exchange (gains)/losses on cash and cash equivalents		(33)	28
Net changes in:			
Due from investment companies and brokers		23,282	88,243
Other accounts receivable		(483)	133
Advisory and performance fees payable		1,444	808
Other accounts payable and accrued expenses		29	(86)
Financial assets at fair value through profit or loss		(23,599)	12,973
Financial liabilities at fair value through profit or loss		(407)	2,924
Interest income received		58	53
Surplus on repurchase of own shares received		200	288
Other income received		105	4
Finance costs paid		(235)	(170)
Net cash from operating activities		21,205	103,634
Cash flows from financing activities			
Short term borrowings		12,019	(16,000)
Proceeds from redeemable participating shares issued		-	4,186
Paid on redeemable participating shares repurchased		(34,940)	(88,456)
Net cash from financing activities		(22,921)	(100,270)
Net increase/(decrease) in cash and cash equivalents		(1,716)	3,364
Cash and cash equivalents at 1 January		5,783	2,818
Cash and cash equivalents at 30 June	2, 3	4,067	6,182

The notes on pages 92 to 99 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	30/06/19 US\$000	31/12/18 US\$000
Cash at bank:		
Cash US\$	4,037	5,451
Cash €	30	330
Cash CHF	-	2
Net cash and cash equivalents	4,067	5,783

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.

From 1 March 2019, LCH maintained a line of credit with Amathea Lending Designated Activity Company, on which LCH pays 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. As at 30 June 2019, the committed line of credit amounted to US\$35 million.

Prior to 1 March 2019, LCH maintained a line of credit with BNP Paribas, Dublin Branch, on which LCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. As at 31 December 2018, the committed line of credit amounted to €30 million.

LCH 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, LCH had drawn an amount of US\$12.02 million (31 December 2018: nil).

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.

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 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	-	161,327	16,008	177,335
Equity Opportunistic	-	-	974	974
Event Driven	-	23,045	2,744	25,789
Macro and Other	-	40,200	-	40,200
Total investment companies	-	224,572	19,726	244,298
Forward FX contracts	-	682	-	682
Total financial assets at fair value through profit or loss	-	225,254	19,726	244,980

The following table presents the movement of Level 3 investments for the period ended 30 June 2019 by category of investment:

For the year ended	Equities Long Biased US\$000	Event Driven US\$000	Equities Opportunistic US\$000	Total US\$000
Opening balance	14,237	2,835	1,674	18,746
Purchases	-	82	-	82
Sales	-	(339)	-	(339)
Gains/(losses) recognised	1,771	166	(700)	1,237
Closing balance	16,008	2,744	974	19,726

During the period ended 30 June 2019, 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 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	-	142,320	14,237	156,557
Equity Opportunistic	-	-	1,674	1,674
Event Driven	-	20,357	2,835	23,192
Macro and Other	-	39,958	-	39,958
Total investment companies	-	202,635	18,746	221,381
Total financial assets at fair value through profit or loss	-	202,635	18,746	221,381

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial liabilities at fair value through profit or loss as at 31 December 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(440)	-	(440)
Total financial liabilities at fair value through profit or loss	-	(440)	-	(440)

The following table presents the movement of Level 3 investments for the year ended 31 December 2018 by category of investment:

For the year ended				31/12/2018
	Equities Long Biased US\$000	Event Driven US\$000	Equities Opportunistic US\$000	Total US\$000
Opening balance	-	4,325	-	4,325
Sales	-	(1,071)	-	(1,071)
Transfers into/(out of) Level 3	14,237	-	1,674	15,911
Gains/(losses) recognised	-	(419)	-	(419)
Closing balance	14,237	2,835	1,674	18,746

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 financial year 2018, 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 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Other accounts receivable	-	625	-	625
Cash and cash equivalents	4,067	-	-	4,067
Total	4,067	625	-	4,692
Liabilities				
Advisory and performance fees payable	-	(1,772)	-	(1,772)
Short term borrowings	(12,019)	-	-	(12,019)
Other accounts payable and accrued expenses	-	(125)	-	(125)
Total	(12,019)	(1,897)	-	(13,916)

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 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	23,282	-	23,282
Other accounts receivable	-	142	-	142
Cash and cash equivalents	5,783	-	-	5,783
Total	5,783	23,424	-	29,207
Liabilities				
Shareholder redemptions payable	-	(204)	-	(204)
Advisory and performance fees payable	-	(328)	-	(328)
Other accounts payable and accrued expenses	-	(96)	-	(96)
Total	-	(628)	-	(628)

4.b. Condensed schedule of investments

A condensed schedule of investments of LCH as at 30 June 2019 was:

	30/06/19 US\$000	% of NAV
Discovery Capital Holdings	46,997	19.9
Swiftcurrent Offshore Ltd	21,036	8.9
Glenview Capital Partners (Cayman) Ltd	20,317	8.6
Hitchwood Capital Fund Ltd	19,650	8.3
Third Point Ultra Ltd	18,730	7.9
Trading Capital Holdings	17,907	7.6
Altimeter Offshore Ltd	17,015	7.2
Maverick Levered Fund Limited	16,008	6.8
Suvretta Offshore Fund Ltd.	13,765	5.8
Pershing Square International	12,812	5.4
Wexford (Offshore) Spectrum Fund	11,688	5.0
Other investments	29,055	12.2
Total financial assets at fair value through profit or loss	244,980	

A condensed schedule of investments of LCH as at 31 December 2018 was:

	31/12/18 US\$000	% of NAV
Discovery Capital Holdings	42,952	17.2
Hitchwood Capital Fund Ltd	18,715	7.5
Swiftcurrent Offshore Ltd	18,625	7.5
Glenview Capital Partners (Cayman) Ltd	18,316	7.3
Trading Capital Holdings	17,567	7.0
Third Point Ultra Ltd	16,268	6.5
Maverick Levered Fund Limited	14,237	5.7
Altimeter Offshore Ltd	13,654	5.5
Other investments	61,047	24.4
Total financial assets at fair value through profit or loss	221,381	

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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 US Dollar exposure back to the Euro. 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 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
	34,790	(38,893)	03/07/2019	682
Total				682

Included under financial liabilities at fair value through profit or loss at 31 December 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	39,300	(45,496)	10/01/2019	(440)
Total				(440)

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 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
Subscriptions	-	-	-	-
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
Redeemable participating shares at 30 June 2019 - US\$	195,023	39,349	1,384	235,756
Redeemable participating shares at 30 June 2019 - €	-	34,608	-	-

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2019	766,711	211,560	9,728	987,999
Subscriptions	-	-	-	-
Redemptions	(91,313)	(36,223)	(5,000)	(132,536)
Shares outstanding at 30 June 2019	675,398	175,337	4,728	855,463
Net asset value per redeemable participating share at 30 June 2019	US\$288.75	€197.38	US\$292.66	-

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 2018 are summarised below:

US\$000	Class A	Class B	Class X	Total
Redeemable participating shares at 1 January 2018	373,419	59,669	-	433,088
Subscriptions	836	436	2,914	4,186
Redemptions	(80,531)	(6,663)	-	(87,194)
Net increase/(decrease) in redeemable participating shares resulting from operations	594	(2,032)	49	(1,389)
Redeemable participating shares at 30 June 2018 - US\$	294,318	51,410	2,963	348,691
Redeemable participating shares at 30 June 2018 - €	-	44,025	-	-

Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2018	1,231,363	228,994	-	1,460,357
Subscriptions	2,745	1,641	9,728	14,114
Redemptions	(266,940)	(25,687)	-	(292,627)
Shares outstanding at 30 June 2018	967,168	204,948	9,728	1,181,844
Net asset value per redeemable participating share at 30 June 2018	US\$304.31	€214.81	US\$304.61	

LEVERAGED 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	2019 US\$000	2018 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	4	9,353
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,459)</u>	<u>(6,985)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(2,455)	2,368
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	41,626	17,012
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(16,672)</u>	<u>(18,863)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>24,954</u>	<u>(1,851)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>22,499</u>	<u>517</u>

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	2019 US\$000	2018 US\$000
Advisory fees	<u>(1,772)</u>	<u>(2,728)</u>
Total	<u>(1,772)</u>	<u>(2,728)</u>

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 Net Asset Value 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 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.

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2019 US\$000	2018 US\$000
Directors fees	(69)	(60)
Depositary fees	(30)	(29)
Legal fees	(33)	(4)
Other professional fees	(14)	-
Paying agent and related fees	(8)	(40)
Regulatory fees	(12)	(3)
Miscellaneous expenses	(67)	(96)
Total	(233)	(232)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2019 was used: €1.00 = US\$1.1370 (31 December 2018: US\$1.1458) and CHF1.00 = US\$0.9762 (31 December 2018: US\$0.9829).



TRADING CAPITAL HOLDINGS PROFILE

The general investment objective of Trading Capital Holdings (“TCH”) is the realization 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 does not invest directly but operates through offshore funds which are wholly or partly owned by TCH. 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.

LCH Investments NV is the Investment Advisor of TCH 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 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.

The financial year end of TCH 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 TCH daily, at net asset value per share. However, TCH has from time to time suspended the issuance of new shares. During the period of the closure to new subscriptions, the ability to redeem shares in TCH remains unaltered. Shares are issued in US\$ (Class A) and Euro (Class B).

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

TRADING CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class A - US\$	NAV per share Class B - €	NAV per share Class C - US\$ ⁴	Performance ³ %
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)
30/06/19	186.80	141.23	-	1.8

	TCH ³ %	Cash ² %
6 month	1.8	1.3
1 year p.a.	(3.4)	2.5
3 years p.a.	(1.1)	1.8
5 years p.a.	(1.7)	0.1
Since Inception p.a.	7.5	2.6

² 3 month US\$ Libor

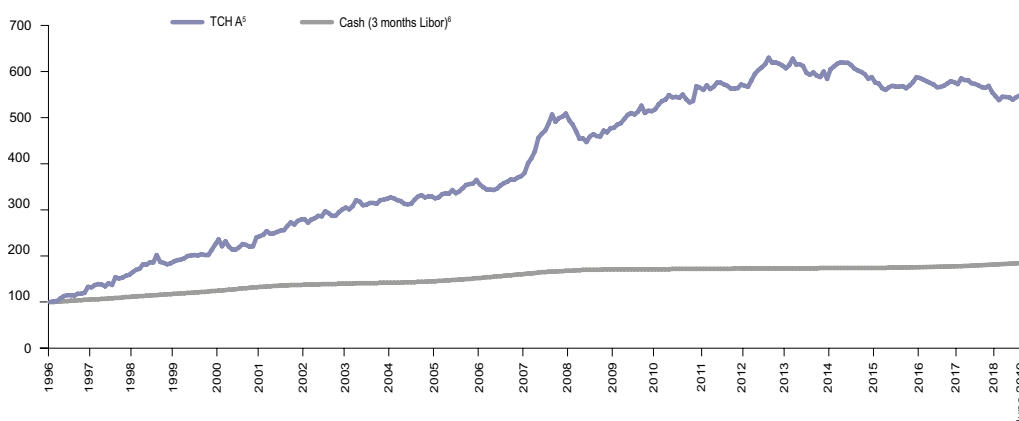
³ of Class A US\$ shares

⁴ launched at US\$214.24 per share on 1 January 2014

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.

Past performance is not necessarily a guide to future performance.

Value of US\$100 Invested since Inception



¹ 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	30/06/19 US\$000	31/12/18 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	59,855	71,782
Due from investment companies and brokers	2	1,328	8,415
Other accounts receivable	2	15	2
Cash and cash equivalents	2, 3	<u>11,728</u>	<u>7,191</u>
Total assets		<u>72,926</u>	<u>87,390</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	-	(232)
Shareholder redemptions payable		-	(119)
Advisory and performance fees payable		(592)	(113)
Short term borrowings	2, 3	(15)	-
Other accounts payable and accrued expenses	2	<u>(54)</u>	<u>(71)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(661)</u>	<u>(535)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>72,265</u>	<u>86,855</u>
Net asset value per Class A redeemable participating share		US\$186.80	US\$183.45
Net asset value per Class B redeemable participating share		€141.23	€140.75

TRADING CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(2,852)	(4,321)
- Change in unrealised gains/(losses)	6	4,424	3,491
Interest income	2	37	61
Surplus on repurchase of own shares		106	152
Other income		49	-
Total income/(loss)		1,764	(617)
Operating expenses			
Advisory and performance fees	7	(569)	(1,570)
Administration fees	8	(42)	(85)
Audit fees		(7)	(44)
Other operating expenses	9	(71)	(180)
Total operating expenses		(689)	(1,879)
Operating profit/(loss)		1,075	(2,496)
Finance costs			
Commitment fee relating to short term borrowings	3	(66)	(111)
Interest expense short term borrowings	2, 3	(21)	(40)
Total finance costs		(87)	(151)
Profit/(loss) before taxation		988	(2,647)
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		988	(2,647)

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

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

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		86,855	307,452
Increase from redeemable participating shares issued	5	229	2,261
Decrease due to redeemable participating shares repurchased	5	<u>(15,807)</u>	<u>(83,063)</u>
Net increase/(decrease) from share transactions		(15,578)	(80,802)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>988</u>	<u>(2,647)</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>72,265</u>	<u>224,003</u>

The notes on pages 107 to 114 are an integral part of these financial statements

TRADING CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2019 US\$000	2018 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		988	(2,647)
Adjustments for:			
Interest income		(37)	(61)
Surplus on repurchase of own shares		(106)	(152)
Other income		(49)	-
Finance costs		87	151
Foreign exchange (gains)/losses on cash and cash equivalents		(28)	(1,753)
Net changes in:			
Due from investment companies and brokers		7,087	34,304
Other accounts receivable		(13)	5
Advisory and performance fees payable		479	402
Other accounts payable and accrued expenses		(17)	(29)
Financial assets at fair value through profit or loss		11,927	49,140
Financial liabilities at fair value through profit or loss		(204)	3,553
Interest income received		37	61
Surplus on repurchase of own shares received		106	152
Other income received		49	-
Finance costs paid		(87)	(151)
Net cash from operating activities		20,219	82,975
Cash flows from financing activities			
Short term borrowings		15	-
Proceeds from redeemable participating shares issued		229	2,261
Paid on redeemable participating shares repurchased		(15,926)	(83,533)
Net cash from financing activities		(15,682)	(81,272)
Net increase/(decrease) in cash and cash equivalents		4,537	1,703
Cash and cash equivalents at 1 January		7,191	13,189
Cash and cash equivalents at 30 June	2, 3	11,728	14,892

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.

3. CASH AND CASH EQUIVALENTS

As at	30/06/19 US\$000	31/12/18 US\$000
Cash at bank:		
Cash US\$	11,726	6,974
Cash €	<u>2</u>	<u>217</u>
Net cash and cash equivalents	<u>11,728</u>	<u>7,191</u>

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.

From 1 March 2019, TCH maintained a line of credit with Amatheia Lending Designated Activity Company, on which TCH pays 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. As at 30 June 2019, the committed line of credit amounted to US\$11.5 million.

Prior to 1 March 2019, TCH maintained a line of credit with BNP Paribas, Dublin Branch, on which TCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. As at 31 December 2018, the committed line of credit amounted to €10 million.

TCH 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, TCH had drawn an amount of US\$0.02 million (31 December 2018: nil).

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.

TRADING 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 2019:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Concentrated strategies	-	18,061	87	18,148
Credit	-	7,648	230	7,878
Diversified macro	-	13,608	277	13,885
Emerging markets	-	19,666	-	19,666
Investment companies in run-off	-	-	2	2
Total investment companies	-	58,983	596	59,579
Forward FX contracts	-	276	-	276
Total financial assets at fair value through profit or loss	-	59,259	596	59,855

The following table presents the movement of Level 3 investments for the period ended 30 June 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
Purchases	-	1,131	-	-	1,131
Sales	-	(5)	-	-	(5)
Gains/(losses) recognised	(84)	(1,212)	21	(1)	(1,276)
Closing balance	87	230	277	2	596

During the period ended 30 June 2019, 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 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Concentrated strategies	-	18,044	171	18,215
Credit	-	7,828	316	8,144
Diversified macro	-	16,171	256	16,427
Emerging markets	-	24,027	-	24,027
Sovereign debt	-	4,966	-	4,966
Investment companies in run-off	-	-	3	3
Total investment companies	-	71,036	746	71,782
Total financial liabilities at fair value through profit or loss	-	71,036	746	71,782

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial liabilities at fair value through profit or loss as at 31 December 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(232)	-	(232)
Total financial liabilities at fair value through profit or loss	-	(232)	-	(232)

The following table presents the movement of Level 3 investments for the year ended 31 December 2018 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	-	578	290	232	1,100
Transfers into/(out of) Level 3	171	-	-	-	171
Gains/(losses) recognised	-	(262)	(34)	(229)	(525)
Closing balance	171	316	256	3	746

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 financial year 2018, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

The following table analyses within the fair value hierarchy TCH's assets and liabilities (by class) not measured at fair value at 30 June 2019 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	1,328	-	1,328
Other accounts receivable	-	15	-	15
Cash and cash equivalents	11,728	-	-	11,728
Total	11,728	1,343	-	13,071
Liabilities				
Advisory and performance fees payable	-	(592)	-	(592)
Short term borrowings	(15)	-	-	(15)
Other accounts payable and accrued expenses	-	(54)	-	(54)
Total	(15)	(646)	-	(661)

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 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	8,415	-	8,415
Other accounts receivable	-	2	-	2
Cash and cash equivalents	7,191	-	-	7,191
Total	7,191	8,417	-	15,608
Liabilities				
Shareholder redemptions payable	-	(119)	-	(119)
Advisory and performance fees payable	-	(113)	-	(113)
Other accounts payable and accrued expenses	-	(71)	-	(71)
Total	-	(303)	-	(303)

4.b. Condensed schedule of investments

A condensed schedule of investments of TCH as at 30 June 2019 was:

	30/06/19 US\$000	% of NAV
Pharo Trading Fund Ltd	9,393	13.0
Wexford (Offshore) Spectrum Fund	7,878	10.9
Discovery Global Opportunity Fund Ltd	7,336	10.2
The Tudor BVI Global Fund Ltd	6,795	9.4
MW Market Neutral Tops Fund	6,458	8.9
Moore Global Investments Ltd	4,996	6.9
Voleon Institutional Strategies International, Ltd	4,738	6.6
Voleon International Investors Ltd	3,830	5.3
Other investments	8,431	11.7
Total financial assets at fair value through profit or loss	59,855	

A condensed schedule of investments of TCH as at 31 December 2018 was:

	31/12/18 US\$000	% of NAV
Moore Global Investments Ltd	10,014	11.5
Pharo Trading Fund Ltd	8,436	9.7
Wexford (Offshore) Spectrum Fund	8,144	9.4
Discovery Global Opportunity Fund Ltd	7,062	8.1
MW Market Neutral Tops Fund	6,166	7.1
The Tudor BVI Global Fund Ltd	6,157	7.1
Amia Capital Macro Fund Ltd	5,049	5.8
Rubicon Global Fund Ltd	4,966	5.7
Voleon Institutional Strategies International, Ltd	4,681	5.4
Other investments	11,107	12.8
Total financial assets at fair value through profit or loss	71,782	

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4.c. Forward foreign exchange contracts

TCH enters into forward foreign exchange transactions for the Euro Class B shares, normally with the aim of seeking to hedge the US Dollar exposure back to the Euro. 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 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
13,485	(15,070)	03/07/2019	<u>276</u>
Total			<u>276</u>

Included under financial liabilities at fair value through profit or loss at 31 December 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
18,640	(21,602)	10/01/2019	<u>(232)</u>
Total			<u>(232)</u>

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 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	<u>1,111</u>	<u>(123)</u>	<u>988</u>
Redeemable participating shares at 30 June 2019 - US\$	57,028	15,237	72,265
Redeemable participating shares at 30 June 2019 - €	<u>-</u>	<u>13,401</u>	<u>-</u>

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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)
Shares outstanding at 30 June 2019	305,291	94,887	400,178
Net asset value per redeemable participating share at 30 June 2019	US\$186.80	€141.23	

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 2018 are summarised below:

US\$000	Class A	Class B	Class C	Total
Redeemable participating shares at 1 January 2018	151,408	53,832	102,212	307,452
Subscriptions	2,261	-	-	2,261
Redemptions	(59,629)	(23,434)	-	(83,063)
Net increase/(decrease) in redeemable participating shares resulting from operations	(563)	(1,370)	(714)	(2,647)
Redeemable participating shares at 30 June 2018 - US\$	93,477	29,028	101,498	224,003
Redeemable participating shares at 30 June 2018 - €	-	24,858	-	-

Shares	Class A	Class B	Class C	Total
Shares outstanding at 1 January 2018	775,527	290,093	514,534	1,580,154
Subscriptions	11,470	-	-	11,470
Redemptions	(303,634)	(125,294)	-	(428,928)
Shares outstanding at 30 June 2018	483,363	164,799	514,534	1,162,696
Net asset value per redeemable participating share at 30 June 2018	US\$193.39	€150.84	US\$197.26	

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	2019 US\$000	2018 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	342	4,593
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(3,194)</u>	<u>(8,914)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(2,852)	(4,321)
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	7,250	21,203
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,826)</u>	<u>(17,712)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>4,424</u>	<u>3,491</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>1,572</u>	<u>(830)</u>

In respect of the Class B 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	2019 US\$000	2018 US\$000
Advisory fees	<u>(569)</u>	<u>(1,570)</u>
Total	<u>(569)</u>	<u>(1,570)</u>

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 1.0% per annum of the net asset value of Class C 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 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, Class B Shares and Class C 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 Net Asset Value 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	2019 US\$000	2018 US\$000
Directors fees	(23)	(43)
Depository fees	(14)	(29)
Legal fees	(10)	(3)
Other professional fees	(7)	-
Paying agent and related fees	(4)	(31)
Regulatory fees	(4)	(2)
Miscellaneous expenses	(9)	(72)
Total	(71)	(180)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2019 was used: €1.00 = US\$1.1370 (31 December 2018: US\$1.1458).