



THE CAPITAL HOLDINGS FUNDS PLC  
2020 ANNUAL REPORT

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

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Tel: +44 20 7240 3000 Email: [ir@capitalholdings.com](mailto:ir@capitalholdings.com)

This annual report was approved by the Board of Directors of The Capital Holdings Funds plc on 21 April 2021  
and will be submitted to shareholders for approval on 15 June 2021.

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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

**Miki Kliger**

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

**Michel Lusa**

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

**Nicola Meaden Grenham\***

Chief Executive Officer  
Dumas Capital Limited  
Dublin

**Pietro Soldini**

Chief Executive Officer  
Londinium Limited  
Dublin

**Rick Sopher**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**John Stokes**

Senior Consultant  
KB Associates  
Dublin

**Abbas Zuaiter\***

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich, CT

HONORARY PRESIDENT OF  
THE CAPITAL HOLDINGS FUNDS PLC

**Baroness Ariane de Rothschild**

Vice President  
Edmond de Rothschild Holding SA  
Geneva

BOARD OF DIRECTORS OF  
LCH INVESTMENTS NV

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amice**

Head of Research  
LCH Investments NV

**Maurizio Solaro del Borgo**

Member of the Board  
Banca del Ceresio  
Lugano

\*Independent directors

MEMBERS OF THE  
INVESTMENT ADVISORY COMMITTEES

**LEVERAGED CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Abbas Zuaiter**

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich, CT

**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, CT

**DISCOVERY CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Antonio Foglia**

Director  
Banca del Ceresio  
Lugano

**Abbas Zuaiter**

Managing Member  
Zuaiter Capital Holdings, LLC  
Greenwich, CT

**ASIAN CAPITAL HOLDINGS**

**Rick Sopher, Chairman**

Chief Executive Officer  
Edmond de Rothschild Capital Holdings Limited  
London

**Brad Amiee**

Head of Research  
LCH Investments NV

**Nicola Meaden Grenham**

Chief Executive Officer  
Dumas Capital Limited  
Dublin

## ADVISORS AND ORGANISATION

**INVESTMENT ADVISOR**

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

**REGISTERED OFFICE**

The Exchange  
 George's Dock  
 International Financial Services Centre  
 Dublin 1  
 Ireland

**GENERAL COUNSEL**

Willkie Farr & Gallagher  
 787 Seventh Avenue  
 New York, NY 10019  
 USA

**IRELAND LEGAL COUNSEL**

Walkers  
 The Exchange  
 George's Dock  
 International Financial Services Centre  
 Dublin 1  
 Ireland

**NETHERLANDS LEGAL COUNSEL**

De Brauw Blackstone Westbroek NV  
 Claude Debussylaan 80  
 1070 AB Amsterdam

**ADMINISTRATOR**

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

**DEPOSITARY**

Citco Bank Nederland NV Dublin Branch  
 Custom House Plaza Block 6  
 International Financial Services Centre  
 Dublin 1  
 Ireland

**INDEPENDENT AUDITORS**

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

**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.

**Irish Authorisation**

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

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

We are pleased to submit to our shareholders the annual report of The Capital Holdings Funds plc for the year ended 31 December 2020.

**Activities and business review**

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

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

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

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

During the year to 31 December 2020, net assets decreased by US\$172m to US\$332m from US\$504m. Of the decrease, an amount of (US\$244m) was attributable to share transactions and an amount of US\$72m was attributable to investment operations and foreign currency translation adjustments.

**Results**

The detailed results for the year are set out in the statement of comprehensive income on page 24 and the table at the end of this paragraph which shows a detailed performance breakdown for each of the open share classes.

	Performance %	NAV per share at 31/12/2020	Increase/(decrease) in net assets		
			Total (000s) <sup>3</sup>	From investment operations (000s) <sup>1,3</sup>	From share transactions (000s) <sup>3</sup>
<b>ACH</b>					
Class A (US\$)	30.29	211.95	(58,671)	12,096	(70,767)
Class B (€)	27.88	136.18	362	823	(461)
<b>DCH</b>					
Class A (US\$)	22.54	255.83	(17,036)	15,387	(32,423)
Class C (US\$)	23.18	259.67	7,685	7,685	-
<b>ECH</b>					
Class B (€) <sup>1</sup>	-	-	(96,835)	(2,787)	(94,048)
<b>LCH</b>					
Class A (US\$)	16.39	338.11	1,627	28,790	(27,163)
Class B (€)	15.44	225.98	68,497	28,624	39,873
<b>TCH</b>					
Class A (US\$)	-	-	(35,012)	(2,584)	(32,428)
Class B (€)	-	-	(11,925)	(1,071)	(10,854)
<b>Total for the Company-consolidated (US\$)<sup>2</sup></b>			<b>(172,161)</b>	<b>72,092</b>	<b>(244,253)</b>

<sup>1</sup> This includes foreign currency adjustments.

<sup>2</sup> The total for the Company is shown on a consolidated basis in US\$ and consequently differs from the total of the sub-funds due to consolidation adjustments and, in the case of ECH, currency conversion.

<sup>3</sup> In these columns, all amounts relating to ECH are in Euro and for all other funds in US dollar.



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

### Interests of Directors

The total personal interest of the members of the Board of Directors of the Company and the members of the Board of Directors of the investment advisor in redeemable participating shares during the year ended 31 December 2020 was:

	Position as at 31/12/19	Purchases/(Sales) <sup>1</sup>	Position as at 31/12/20
Shares of ACH	390	-	390
Shares of DCH	-	-	-
Shares of ECH	367	(367)	-
Shares of LCH	85,112	376	85,488
Shares of TCH	1,520	(1,520)	-

The total personal interest of the members of the Board of Directors of the Company and the members of the Board of Directors of the investment advisor in securities held by the sub-funds during the year ended 31 December 2020 was:

	Position as at 31/12/19	Purchases/(Sales) <sup>1</sup>	Position as at 31/12/20
Antero Peak Long/Short Offshore Fund Ltd	-	93	93
Crake Global Feeder Fund ICAV	-	7,187	7,187
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	231	533	764
Memnon European Fund	-	881	881
Moore Global Investments Ltd	142	(142)	-
MW Eureka Fund	5,298	359	5,657
The Adelphi Europe Fund	3,078	-	3,078
The Tudor BVI Global Fund Ltd	17	-	17
Third Point Ultra Ltd	-	42	42

<sup>1</sup> Including movements as a result of a change in the composition of the various boards of directors.

### Investment objective and policy

The Company is established as an umbrella investment company and the investment policies for each sub-fund are specified in the prospectus. The principal objective of the underlying sub-funds is the appreciation in capital or the realisation of profit.

The sub-funds do not invest directly but indirectly by investing in underlying funds or through sub-accounts. Under the two-tier system the sub-funds operate through a variety of investment vehicles. Generally, each investment vehicle is advised by a principal portfolio manager and its team, allowing the sub-funds to benefit from the diversity and experience of professional portfolio managers. The investment activities of the sub-funds include a wide range of specialised approaches and techniques used by the managers. Further information on the individual sub-funds and their investment objectives is detailed within the various profile sections of each sub-fund.

### Principal risks and uncertainties

The major risks to which the Company is exposed are market price risk, liquidity risk and counterparty risk. Further details surrounding the scope and measures to mitigate these risks as implemented by the various sub-funds can be found in the following notes: ACH - Note 17, DCH - Note 17, ECH - Note 16, LCH - Note 17 and finally for TCH - Note 16.

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

### Directors' Responsibilities

The directors of the Company are as set out on page 4.

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law. Irish law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year.

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

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware. Furthermore, the directors have taken all steps that ought to have been taken in order to make themselves aware of any relevant audit information and established that the Company's auditors have been made aware of that information.

### **Statement of Corporate Governance**

#### **(a) General Requirements**

The Board of Directors note the issuance by the Irish Funds Industry Association ("IF") of the Corporate Governance Code for Collective Investment Schemes and Management Companies (the "Code"). The Board of Directors adopted this Code on 28 October 2014.

The Board of Directors has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year.

#### **(b) Internal control and risk management systems in relation to financial reporting**

The Board of Directors is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than

eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual financial statements and semi-annual financial statements. The annual and semi-annual financial statements of the Company are required to be approved by the Board of Directors of the Company and filed with the Central Bank of Ireland. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings.

The Board evaluates and discusses significant accounting and reporting issues as the need arises.

The independent Administrator is appointed to maintain the accounting records and is authorised and regulated by the Central Bank of Ireland and must comply with the rules imposed by the Central Bank of Ireland. The financial statements are prepared by the Administrator in compliance with IFRS and other relevant legislation. The Administrator uses various internal controls and checklists to ensure that the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation. In addition, from time to time the Board also examines and evaluates the Administrators' financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. As part of the review procedures the Board of Directors receives reports on the audit process.

#### **(c) Shareholder meetings**

The convening and conduct of shareholders' meetings are governed by the Articles of Association of the Company and the Companies Act 2014. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within eighteen months of incorporation and fifteen months of the date of the previous annual general meeting thereafter.

Two members present, either in person or by proxy, constitute a quorum at a general meeting provided that the quorum for a general meeting convened to consider any alteration to the class rights of shares is two shareholders holding or representing by proxy at least one third of the issued shares of the relevant sub-fund or class

#### **(d) Board of Directors**

The Board of Directors is responsible for managing the business affairs of the Company.

#### **Accounting Records**

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting

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

records comprise the use of appropriate systems and procedures and employment of competent persons. The Directors of the Company have employed Citco Fund Services (Ireland) Limited as the Administrator. The accounting records of the Company are located at the address of the Administrator. The Administrator is authorised and regulated by the Central Bank of Ireland and must comply with the rules and regulations imposed by the Central Bank.

**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 7 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.

**Remuneration Policy**

The AIFM, which is The Capital Holdings Funds plc, has implemented a remuneration policy (the "Remuneration Policy") in line with the provisions of Article 13 of the Directive 2011/61/

EC on Alternative Investment Fund Managers ("AIFMD"), in particular Annex II, and of the European Securities and Markets Authority's ("ESMA's") "Guidelines on sound remuneration policies under the AIFMD" (the "ESMA Guidelines"). The Remuneration Policy is designed to inter-alia ensure that any relevant conflicts of interest can be managed appropriately at all times.

**Diversity**

There is no specific diversity policy in place for the Company, rather, the Board of Directors is comprised of individuals that possess skills, knowledge and experience that are relevant to the Company's affairs. The Board of Directors deems reasonable that new appointments should be made on merit, taking account of the specific skills, knowledge and experience needed to ensure a rounded and diverse Board.

**Events since the end of the period**

The Company continues to review the impact of Covid-19 on its activities and operations, including the impact on service providers. Please also refer to the paragraph regarding Covid-19 included under Principal risks and uncertainties. There are no other subsequent events to note.

**Appointment of auditors**

The auditors, PricewaterhouseCoopers are proposed to be re-appointed in accordance with the Companies Act 2014.

**Regulatory requirement in the Netherlands**

The administrative procedures of the Company comply with the requirements of the Netherlands law as detailed in article 3:17 part 2.c and article 4:14 part 1 of the Netherlands Act on Financial Supervision. The administrative organisation of the Company and its internal control systems function in accordance with these procedures.

The 2020 annual report of the Company has been published on the website [www.capitalholdings.com](http://www.capitalholdings.com). The AGM of the Company will take place in Ireland on 15 June 2021.

On behalf of the Board of Directors



M. Kirby



D. van Duijn

21 April 2021

## OTHER INFORMATION (UNAUDITED)

**Statutory provisions regarding profit appropriation**

The Board of Directors may at its discretion propose to the general meeting of shareholders in accordance with the Articles of Association that the Company pays a dividend out of distributable reserves.

**Dividends**

The Board of Directors proposes that in respect of the accounts for 2020, no dividend is declared.

**Proposed profit appropriation**

The Board of Directors proposes to add or subtract, whatever is applicable, the total result for 2020 of each sub-fund to or from, whatever is applicable, the accumulated results of operation of the respective sub-fund.

**Execution of voting rights by the Company**

Voting rights relating to investments of any of the sub-funds will be executed as the Board of Directors thinks fit in the best interest of the respective sub-funds on a case by case basis.

**AIFM Remuneration**

The disclosures in this report are made in respect of the AIFM Remuneration Policy and how it applies to the AIF and to the

persons who are responsible for portfolio management and risk management.

Total amount of fixed remuneration (directors fees) for the year ended 31 December 2020 paid by the AIFM to its staff: €165,000 (2019: €165,000).

Total amount of variable remuneration for the year ended 31 December 2020 paid by the AIFM to its staff: None (2019: None).

Number of AIFM officers and staff as at 31 December 2020: 10 (2019: 10).

Total amount of compensation paid by the AIFM to its staff during year ended 31 December 2020<sup>1</sup> €165,000 (2019: €165,000).

Total amount paid by the AIFM to other members of staff who have a material impact on the risk profile of the Company during the year ended 31 December 2020: None (2019: None).

<sup>1</sup> The total amount of compensation paid by the AIFM has been allocated to each AIF based on their pro rata share of the average total net assets of the sub-funds.

## DEPOSITARY REPORT

DEPOSITARY REPORT TO THE SHAREHOLDERS OF  
THE CAPITAL HOLDINGS FUNDS PLC

We, Citco Bank Nederland N.V. Dublin Branch, appointed Depositary to The Capital Holdings Funds plc (the “Company”), provide this report solely in favour of the shareholders of the Company for the period from 1 January 2020 to 31 December 2020 (the “Period”). This report is provided in accordance with current Depositary obligations under the Central Bank of Ireland (the “CBI”) AIF Rulebook, Chapter 5 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligations under the AIF Rulebook, we have enquired into the conduct of the Company, in its capacity as Alternative Investment Fund Manager (the “AIFM”), for the Period and we hereby report thereon to the shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Period in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document and by the CBI under the powers granted to the CBI by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

Paul Fay

For and on behalf of

Citco Bank Nederland N.V. Dublin Branch

21 April 2021



## ***Independent auditors' report to the members of The Capital Holdings Funds plc***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, The Capital Holdings Funds plc's financial statements:

- give a true and fair view of the Company's and sub-funds' assets, liabilities and financial position as at 31 December 2020 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Statement of Financial Position as at 31 December 2020;
  - the Statement of Comprehensive Income for the year then ended;
  - the Statement of Cash Flows for the year then ended;
  - the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares for the year then ended;
  - the Condensed schedule of investments for each of the sub-funds as at 31 December 2020; and
  - the notes to the financial statements for the Company and for each of its sub-funds, which include a description of the significant accounting policies.
- 

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law, IFRSs as adopted by the European Union, and Articles 115y, 122 to 124 of the Decree on Conduct of Business Supervision of Financial Undertakings under the Netherlands Financial Supervision Act.

#### ***Independence***

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.



In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's and sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report and Directors' Responsibilities Statement in Respect of the Financial Statements, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report and Directors' Responsibilities Statement in Respect of the Financial Statements for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report and Directors' Responsibilities Statement in Respect of the Financial Statements.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and sub-funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.





### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

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#### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

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#### **Companies Act 2014 exception reporting**

##### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink that reads 'Joanne Kelly'.

Joanne Kelly  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
21 April 2021



## STATEMENT OF FINANCIAL POSITION

At 31 December 2020		ACH	DCH	ECH	LCH	TCH	Total
	Notes	US\$000	US\$000	€000 <sup>2</sup>	US\$000	US\$000 <sup>2</sup>	US\$000 <sup>1</sup>
<b>Assets</b>							
<b>Current assets</b>							
Financial assets at fair value through profit or loss	2.4, 5	32,483	113,680	-	231,692	-	311,186
Due from investment companies and brokers	2.7	1,000	3,542	-	8,199	-	12,741
Prepayments on investments	2.8	1,000	-	-	-	-	1,000
Shareholder subscriptions receivable		165	-	-	180	-	345
Other accounts receivable	2.9	9	26	-	872	-	907
Cash and cash equivalents	2.5	974	1,287	-	7,374	-	9,635
<b>Total assets</b>		<b>35,631</b>	<b>118,535</b>	<b>-</b>	<b>248,317</b>	<b>-</b>	<b>335,814</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Short term borrowings	2.10	(21)	(25)	-	(29)	-	(75)
Advisory and performance fees payable		(844)	(1,560)	-	(891)	-	(3,295)
Other accounts payable and accrued expenses	2.11	(54)	(72)	-	(194)	-	(320)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(919)	(1,657)	-	(1,114)	-	(3,690)
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2.12</b>	<b>34,712</b>	<b>116,878</b>	<b>-</b>	<b>247,203</b>	<b>-</b>	<b>332,124</b>

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

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

The financial statements were approved by the Board of Directors on 21 April 2021 and signed on its behalf by:



M. Kirby  
Director



D. van Duijn  
Director

## STATEMENT OF FINANCIAL POSITION

At 31 December 2020	ACH	DCH	ECH	LCH	TCH
Net asset value per Class A redeemable participating share US\$	211.95	255.83	-	338.11	-
Number of Class A redeemable participating shares in issue	151,243	297,185	-	421,509	-
Net asset value per Class B redeemable participating share €	136.18	-	-	225.98	-
Number of Class B redeemable participating shares in issue	15,855	-	-	379,248	-
Net asset value per Class C redeemable participating share US\$	-	259.67	-	-	-
Number of Class C redeemable participating shares in issue	-	157,313	-	-	-

## STATEMENT OF FINANCIAL POSITION

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

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

## STATEMENT OF FINANCIAL POSITION

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

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020	Notes	ACH US\$000	DCH US\$000	ECH €000 <sup>2</sup>	LCH US\$000	TCH US\$000 <sup>2</sup>	Total US\$000 <sup>1</sup>
<b>Income</b>							
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:							
- Realised gains/(losses)	2.4	20,766	6,112	13,401	19,201	(1,570)	43,720
- Change in unrealised gains/(losses)	2.4	(5,853)	20,355	(15,960)	41,546	(1,875)	38,463
Interest income	2.13	-	-	-	5	2	7
Fee rebate	7	-	-	8	1,678	-	1,687
Surplus on repurchase of own shares	2.12	16	-	67	140	15	250
Other income		47	22	1	114	-	184
<b>Total income/(loss)</b>		<b>14,976</b>	<b>26,489</b>	<b>(2,483)</b>	<b>62,684</b>	<b>(3,428)</b>	<b>84,311</b>
<b>Operating expenses</b>							
Advisory and performance fees		(1,712)	(2,892)	(225)	(4,088)	(165)	(9,121)
Administration fees		(46)	(58)	(9)	(125)	(8)	(248)
Audit fees	6	(35)	(42)	(2)	(145)	(4)	(229)
Other operating expenses		(182)	(256)	(49)	(602)	(35)	(1,131)
<b>Total operating expenses</b>		<b>(1,975)</b>	<b>(3,248)</b>	<b>(285)</b>	<b>(4,960)</b>	<b>(212)</b>	<b>(10,729)</b>
<b>Operating profit/(loss)</b>		<b>13,001</b>	<b>23,241</b>	<b>(2,768)</b>	<b>57,724</b>	<b>(3,640)</b>	<b>73,582</b>
<b>Finance costs</b>							
Commitment fee relating to short term borrowings		(55)	(111)	(10)	(229)	(15)	(422)
Interest expense short term borrowings	2.13	(20)	(48)	-	(50)	-	(118)
Interest expense	2.13	(7)	(10)	(9)	(31)	-	(59)
<b>Total finance costs</b>		<b>(82)</b>	<b>(169)</b>	<b>(19)</b>	<b>(310)</b>	<b>(15)</b>	<b>(599)</b>
<b>Profit/(loss) before taxation</b>		<b>12,919</b>	<b>23,072</b>	<b>(2,787)</b>	<b>57,414</b>	<b>(3,655)</b>	<b>72,983</b>
Taxation	2.17	-	-	-	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>12,919</b>	<b>23,072</b>	<b>(2,787)</b>	<b>57,414</b>	<b>(3,655)</b>	<b>72,983</b>

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

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1719. In the total column all transactions between the various sub-funds have been eliminated.

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

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Income</b>							
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:							
- Realised gains/(losses)	2.4	6,453	9,638	(3,226)	(4,586)	(2,056)	6,907
- Change in unrealised gains/(losses)	2.4	10,754	4,754	14,297	27,592	2,527	55,683
Interest income	2.13	43	43	-	76	44	206
Fee rebate	7	-	-	23	899	-	925
Surplus on repurchase of own shares	2.12	7	-	354	380	129	917
Other income		25	14	12	96	8	157
<b>Total income/(loss)</b>		<b>17,282</b>	<b>14,449</b>	<b>11,460</b>	<b>24,457</b>	<b>652</b>	<b>64,795</b>
<b>Operating expenses</b>							
Advisory and performance fees		(1,455)	(1,867)	(1,590)	(3,227)	(943)	(9,295)
Administration fees		(71)	(65)	(79)	(116)	(58)	(400)
Audit fees	6	(42)	(51)	(51)	(82)	(35)	(268)
Other operating expenses		(146)	(198)	(173)	(356)	(123)	(1,019)
<b>Total operating expenses</b>		<b>(1,714)</b>	<b>(2,181)</b>	<b>(1,893)</b>	<b>(3,781)</b>	<b>(1,159)</b>	<b>(10,982)</b>
<b>Operating profit/(loss)</b>		<b>15,568</b>	<b>12,268</b>	<b>9,567</b>	<b>20,676</b>	<b>(507)</b>	<b>53,813</b>
<b>Finance costs</b>							
Commitment fee relating to short term borrowings		(83)	(162)	(88)	(257)	(115)	(717)
Interest expense short term borrowings	2.13	(2)	(11)	(18)	(85)	(15)	(133)
Interest expense	2.13	(3)	(4)	(36)	(15)	(9)	(72)
<b>Total finance costs</b>		<b>(88)</b>	<b>(177)</b>	<b>(142)</b>	<b>(357)</b>	<b>(139)</b>	<b>(922)</b>
<b>Profit/(loss) before taxation</b>		<b>15,480</b>	<b>12,091</b>	<b>9,425</b>	<b>20,319</b>	<b>(646)</b>	<b>52,891</b>
Taxation	2.17	-	-	-	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>15,480</b>	<b>12,091</b>	<b>9,425</b>	<b>20,319</b>	<b>(646)</b>	<b>52,891</b>

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

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1337. 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 year ended 31 December 2020	ACH	DCH	ECH	LCH	TCH	Total
	US\$000	US\$000	€000 <sup>1,2</sup>	US\$000	US\$000 <sup>2</sup>	US\$000 <sup>1</sup>
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>	<b>93,021</b>	<b>126,229</b>	<b>96,835</b>	<b>177,079</b>	<b>46,937</b>	<b>504,285</b>
Increase from transferred sub-funds	-	-	-	128,639	-	-
Increase from redeemable participating shares issued	1,231	20,500	-	226	-	1,457
Decrease from transferred sub-funds	-	-	(82,111)	-	(38,099)	-
Decrease due to redeemable participating shares repurchased	(72,459)	(52,923)	(11,937)	(116,155)	(5,183)	(245,710)
<b>Net increase/(decrease) from share transactions</b>	<b>(71,228)</b>	<b>(32,423)</b>	<b>(94,048)</b>	<b>12,710</b>	<b>(43,282)</b>	<b>(244,253)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	12,919	23,072	(2,787)	57,414	(3,655)	72,983
Foreign currency translation adjustment	-	-	-	-	-	(891)
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>	<b>34,712</b>	<b>116,878</b>	<b>-</b>	<b>247,203</b>	<b>-</b>	<b>332,124</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, at 1 January have been converted at an FX rate of €1.00 = US\$1.1224. The amounts in the statement of comprehensive income relating to ECH as well as the proceeds from subscriptions and redemptions relating to ECH have been converted at the average FX rate of €1.00 = US\$1.1719. 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\$0.9 million) above reflects the notional foreign exchange adjustment as a result of the method of conversion. This adjustment is not for the benefit of any shareholder. In the total column all transactions between the various sub-funds have been eliminated.

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

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

For the year ended 31 December 2019	ACH	DCH	ECH	LCH	TCH	Total
	US\$000	US\$000	€000 <sup>1</sup>	US\$000	US\$000	US\$000 <sup>1</sup>
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>	<b>85,220</b>	<b>118,137</b>	<b>123,147</b>	<b>249,520</b>	<b>86,855</b>	<b>620,216</b>
Increase from redeemable participating shares issued	504	13,000	156	4	229	3,914
Decrease due to redeemable participating shares repurchased	(8,183)	(16,999)	(35,893)	(92,764)	(39,501)	(170,251)
<b>Net increase/(decrease) from share transactions</b>	<b>(7,679)</b>	<b>(3,999)</b>	<b>(35,737)</b>	<b>(92,760)</b>	<b>(39,272)</b>	<b>(166,337)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	15,480	12,091	9,425	20,319	(646)	52,891
Foreign currency translation adjustment	-	-	-	-	-	(2,485)
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>	<b>93,021</b>	<b>126,229</b>	<b>96,835</b>	<b>177,079</b>	<b>46,937</b>	<b>504,285</b>

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, 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\$1.1337. 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\$2.5 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 year ended 31 December 2020	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Cash flows from operating activities</b>							
Profit/(loss) before taxation		12,919	23,072	(2,787)	57,414	(3,655)	72,983
<b>Adjustments for:</b>							
Interest income		-	-	-	(5)	(2)	(7)
Surplus on repurchase of own shares		(16)	-	(67)	(140)	(15)	(250)
Other income		(47)	(22)	(1)	(114)	-	(184)
Finance costs		82	169	19	310	15	598
Foreign exchange (gains)/losses on cash and cash equivalents		3	-	-	(288)	9	(276)
<b>Net changes in:</b>							
Due from investment companies and brokers		(1,000)	1,608	3,936	5,159	43	10,228
Prepayments on investments		(1,000)	-	-	-	-	(1,000)
Other accounts receivable		18	9	29	(611)	22	(529)
Proceeds from sale of investment companies received in advance		-	-	-	-	-	-
Advisory and performance fees payable		398	1,027	(371)	228	(179)	1,058
Other accounts payable and accrued expenses		(18)	2	(71)	61	(75)	(110)
Financial assets at fair value through profit or loss		51,745	8,639	86,460	(75,324)	40,315	141,417
Financial liabilities at fair value through profit or loss		-	-	-	-	(9)	(9)
Interest income received		-	-	-	5	2	7
Surplus on repurchase of own shares received		16	-	67	140	15	250
Other income received		47	22	1	114	-	184
Finance costs paid		(82)	(169)	(19)	(310)	(15)	(598)
<b>Net cash from operating activities</b>		<b>63,065</b>	<b>34,357</b>	<b>87,196</b>	<b>(13,361)</b>	<b>36,471</b>	<b>223,762</b>
<b>Cash flows from financing activities</b>							
Short term borrowings		6	(992)	-	10	-	(976)
Proceeds from redeemable participating shares issued		1,066	20,500	-	128,685	-	1,112
Paid on redeemable participating shares repurchased		(72,459)	(52,923)	(94,540)	(116,155)	(43,282)	(246,262)
<b>Net cash from financing activities</b>		<b>(71,387)</b>	<b>(33,415)</b>	<b>(94,540)</b>	<b>12,540</b>	<b>(43,282)</b>	<b>(246,126)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8,322)</b>	<b>942</b>	<b>(7,344)</b>	<b>(821)</b>	<b>(6,811)</b>	<b>(22,364)</b>
Foreign currency translation adjustment		-	-	-	-	-	(891)
Cash and cash equivalents at 1 January		9,296	345	7,344	8,195	6,811	32,890
<b>Cash and cash equivalents at 31 December</b>	<b>2.5</b>	<b>974</b>	<b>1,287</b>	<b>-</b>	<b>7,374</b>	<b>-</b>	<b>9,635</b>

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

<sup>1</sup> All amounts relating to ECH, which is denominated in Euro, have been converted at an FX rate of €1.00 = US\$1.2215. In the total column all transactions between the various sub-funds have been eliminated.

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2019	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	Total US\$000 <sup>1</sup>
<b>Cash flows from operating activities</b>							
Profit/(loss) before taxation		15,480	12,091	9,425	20,319	(646)	52,891
<b>Adjustments for:</b>							
Interest income		(43)	(43)	-	(76)	(44)	(206)
Surplus on repurchase of own shares		(7)	-	(354)	(380)	(129)	(917)
Other income		(25)	(14)	(12)	(96)	(8)	(157)
Finance costs		88	177	142	357	139	922
Foreign exchange (gains)/losses on cash and cash equivalents		-	-	-	(29)	(8)	(37)
<b>Net changes in:</b>							
Due from investment companies and brokers		-	34	1,586	9,924	8,372	20,235
Prepayments on investments		-	5,000	-	-	-	5,000
Other accounts receivable		(27)	(35)	(26)	(119)	(20)	(231)
Proceeds from sale of investment companies received in advance		-	-	(175)	-	-	(200)
Advisory and performance fees payable		(55)	220	216	335	66	805
Other accounts payable and accrued expenses		(8)	23	25	37	4	83
Financial assets at fair value through profit or loss		(11,732)	(21,983)	27,352	65,301	31,467	83,475
Financial liabilities at fair value through profit or loss		(27)	-	(44)	(411)	(224)	(712)
Interest income received		43	43	-	76	44	206
Surplus on repurchase of own shares received		7	-	354	380	129	917
Other income received		25	14	12	96	8	157
Finance costs paid		(88)	(177)	(142)	(357)	(139)	(922)
<b>Net cash from operating activities</b>		<b>3,631</b>	<b>(4,650)</b>	<b>38,359</b>	<b>95,357</b>	<b>39,011</b>	<b>161,309</b>
<b>Cash flows from financing activities</b>							
Short term borrowings		15	1,017	-	19	-	1,051
Proceeds from redeemable participating shares issued		504	13,000	156	4	229	3,914
Paid on redeemable participating shares repurchased		(8,183)	(16,999)	(35,401)	(92,968)	(39,620)	(170,022)
<b>Net cash from financing activities</b>		<b>(7,664)</b>	<b>(2,982)</b>	<b>(35,245)</b>	<b>(92,945)</b>	<b>(39,391)</b>	<b>(165,057)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,033)</b>	<b>(7,632)</b>	<b>3,114</b>	<b>2,412</b>	<b>(380)</b>	<b>(3,748)</b>
Foreign currency translation adjustment		-	-	-	-	-	(2,485)
Cash and cash equivalents at 1 January		13,329	7,977	4,230	5,783	7,191	39,123
<b>Cash and cash equivalents at 31 December</b>	<b>2.5</b>	<b>9,296</b>	<b>345</b>	<b>7,344</b>	<b>8,195</b>	<b>6,811</b>	<b>32,890</b>

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

## I. GENERAL INFORMATION

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1. Basis of preparation

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

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

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

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

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

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

The International Accounting Standards Board (“IASB”) has made amendments to IAS 1 ‘Presentation of Financial Statements’ (“IAS 1”) and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ (“IAS 8”) which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting. The amendments are as follows:

- An entity must assess materiality in the context of the financial statements as a whole, and
- A reporting entity should define ‘primary users of general purpose financial statements’ as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The adoption of the above amendments to standards have 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 2020 that have a material effect on the financial statements of the Company.

### New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

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

### 2.2 Segment reporting

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

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

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

- a) restricted activities;
- b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;

## NOTES TO THE FINANCIAL STATEMENTS

- c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

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

### 2.3 Foreign currency translation

Functional and presentational currency:

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

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

Transactions and balances:

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

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

Classification:

Investments in investment companies have been designated as financial assets at fair value through profit or loss. All other

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

Recognition, derecognition and measurement:

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

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

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

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

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

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

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

Fair value estimation:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The fair value of financial assets and liabilities traded in active markets (such as

publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Company utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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

Investments in investment funds:  
When investing in investment 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 NAVs.

## 2.16 Soft commissions

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2.17 Taxation

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

No Irish tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held by the Company or where the Company has been authorised by Irish Revenue to make gross payments in absence of appropriate declarations.

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

### 3. CAPITAL MANAGEMENT POLICES AND PROCEDURES

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

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

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

The amount of redemptions that the Company may accept at each redemption date is not limited by a gate, apart from in respect of Class C shares. The Company endeavours to manage the liquidity profile of its assets with the aim of being able to meet

envisaged redemption or repurchase requests and pay redemption or repurchase proceeds, provided that redemption or repurchase of shares and payment of redemption or repurchase proceeds may be delayed or suspended as a result of limitations and/or emergencies described in the prospectus.

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

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

### 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.

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

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2020:

Asian Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	15,960	-	15,960
Greater China	-	16,439	-	16,439
<b>Total investment companies</b>	<b>-</b>	<b>32,399</b>	<b>-</b>	<b>32,399</b>
Forward FX contracts	-	84	-	84
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>32,483</b>	<b>-</b>	<b>32,483</b>

Discovery Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	113,615	65	113,680
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>113,615</b>	<b>65</b>	<b>113,680</b>

## NOTES TO THE FINANCIAL STATEMENTS

Leveraged Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	184,214	9,721	193,935
Equity Opportunistic	-	-	691	691
Event Driven	-	11,686	-	11,686
Macro and Other	-	22,464	242	22,706
<b>Total investment companies</b>	<b>-</b>	<b>218,364</b>	<b>10,654</b>	<b>229,018</b>
Forward FX contracts	-	2,674	-	2,674
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>221,038</b>	<b>10,654</b>	<b>231,692</b>

ECH and TCH held no investments as at 31 December 2020.

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 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	12,741	-	12,741
Prepayments on investments	-	1,000	-	1,000
Shareholder subscriptions receivable	-	345	-	345
Other accounts receivable	-	907	-	907
Cash and cash equivalents	9,635	-	-	9,635
<b>Total</b>	<b>9,635</b>	<b>14,993</b>	<b>-</b>	<b>24,628</b>
<b>Liabilities</b>				
Short term borrowings	(75)	-	-	(75)
Advisory and performance fees payable	-	(3,295)	-	(3,295)
Other accounts payable and accrued expenses	-	(320)	-	(320)
<b>Total</b>	<b>(75)</b>	<b>(3,615)</b>	<b>-</b>	<b>(3,690)</b>

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

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



## NOTES TO THE FINANCIAL STATEMENTS

Discovery Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	108,766	13,553	122,319
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>108,766</b>	<b>13,553</b>	<b>122,319</b>
European Capital Holdings	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Investment companies:</b>				
Equity Long	-	8,923	-	8,923
Equity Long/Short	-	77,537	-	77,537
<b>Total investment companies</b>	<b>-</b>	<b>86,460</b>	<b>-</b>	<b>86,460</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>86,460</b>	<b>-</b>	<b>86,460</b>
Leveraged Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	113,350	17,481	130,831
Equity Opportunistic	-	-	942	942
Event Driven	-	15,406	-	15,406
Macro and Other	-	8,866	-	8,866
<b>Total investment companies</b>	<b>-</b>	<b>137,622</b>	<b>18,423</b>	<b>156,045</b>
Forward FX contracts	-	35	-	35
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>137,657</b>	<b>18,423</b>	<b>156,080</b>
Trading Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Concentrated Strategies	-	10,886	82	10,968
Credit	-	4,776	228	5,004
Diversified Macro	-	12,172	-	12,172
Emerging Markets	-	12,166	-	12,166
<b>Total investment companies</b>	<b>-</b>	<b>40,000</b>	<b>310</b>	<b>40,310</b>
Forward FX contracts	-	5	-	5
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>40,005</b>	<b>310</b>	<b>40,315</b>

## 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 2019 but for which fair value is disclosed:

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

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

Investments over 5% of net assets of the Company as at 31 December 2020 were:

	31/12/20 US\$000	% of NAV
Investment by LCH in DCH	66,669	20.1
Honeycomb Offshore Fund Ltd	20,458	6.2

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

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

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

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

Investments in sub-funds of the Company as at 31 December 2020 were:

	Invested in	31/12/20 US\$000	% of NAV
LCH (US\$)	DCH	66,669	20.1

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

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

## 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 Euro exposure back to the US dollar. Forward foreign exchange contracts are held for trading and are valued at the forward rate and are marked to market on the valuation date.

Included under financial assets at fair value through profit or loss at 31 December 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	2,080	(2,475)	11/01/2021	84
LCH	84,450	(100,510)	11/01/2021	2,674
<b>Total</b>				<b>2,758</b>

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

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

**6. AUDIT FEES**

The audit fees disclosed in the financial statements do not only relate to the Company's statutory audit. The auditors' remuneration comprises:

	31/12/20 US\$000	31/12/19 US\$000
Statutory audit	(178)	(200)
Tax advisory services	(51)	(60)
Other assurance services	-	(8)
<b>Total auditors' remuneration</b>	<b>(229)</b>	<b>(268)</b>

**7. 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

- Edmond de Rothschild (Suisse) SA: in its capacity as Swiss Paying Agent (annual fee €10,000; 2019: €10,000) and its capacity as Agent of the Company;
- Edmond de Rothschild Asset Management (Suisse) SA: in its capacity as Swiss Representative of the Company (annual fee €3,000; 2019: €3,000). With effect from 19 June 2020 the activities of Edmond de Rothschild Asset Management (Suisse) SA have been incorporated with those of its parent company Edmond de Rothschild (Suisse) SA;
- KB Associates: as service provider to the Company (annual fee €189,000; 2019: €189,000);
- Londinium Ltd: as service provider to the Company (annual fee €25,000; 2019: €25,000). Effective from 30 November 2020 the service agreement with Londinium Ltd was terminated.

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 year ended 31 December 2020 amounted to US\$3,168 (31 December 2019: US\$31,800) with respect to Edmond de Rothschild (Suisse) SA. The agreement with the Agent of the Company was terminated effective 4 January 2021.

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

In order to avoid double charging of fees on cross investments in sub-funds, the investment 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 advisor 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 year with respect to any of the other related parties listed above.

### 8. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used for ACH: €1.00 = US\$1.2301, DCH: €1.00 = US\$1.2215, for ECH: €1.00 = US\$1.2215, (31 December 2019: for ACH: €1.00 = US\$1.1212, for DCH: €1.00 = US\$1.1224, for ECH: €1.00 = US\$1.1224) and for all other funds: €1.00 = US\$1.2215 (31 December 2019: US\$1.1212).

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

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

### 10. 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.

### 11. COMPARATIVE FIGURES

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

## NOTES TO THE FINANCIAL STATEMENTS

## 12. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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

## 13. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 21 April 2021.



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.

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 ACH optimally in changing markets.

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

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

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

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

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

Date	NAV per share Class A - US\$	NAV per share Class B - € <sup>2</sup>	Performance % <sup>3</sup>
31/03/93*	49.52	-	-
31/12/93	67.93	-	37.2
31/12/94	57.38	-	(15.5)
31/12/95	57.21	-	(0.3)
31/12/96	60.25	-	5.3
31/12/97**	51.65	-	(14.3)
31/12/98**	43.64	-	(15.5)
31/12/99**	85.13	-	95.1
31/12/00**	64.80	-	(23.9)
31/12/01**	69.81	-	7.7
31/12/02**	68.53	-	(1.8)
31/12/03**	88.21	-	28.7
31/12/04**	94.38	-	7.0
31/12/05**	107.39	-	13.8
31/12/06**	118.62	-	10.5
31/12/07**	145.80	106.49	22.9
31/12/08**	90.17	65.98	(38.2)
31/12/09**	108.93	79.41	20.8
31/12/10**	117.92	85.55	8.3
31/12/11**	100.99	73.02	(14.4)
31/12/12**	107.84	77.35	6.8
31/12/13**	118.80	84.81	10.2
31/12/14**	127.54	91.15	7.4
31/12/15**	129.21	92.23	1.3
31/12/16**	124.27	87.37	(3.8)
31/12/17**	159.20	110.25	28.1
31/12/18**	136.55	91.96	(14.2)
31/12/19	162.68	106.49	19.1
31/12/20	211.95	136.18	30.3

\* First valuation date

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

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

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

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

Past performance is not necessarily a guide to future performance.

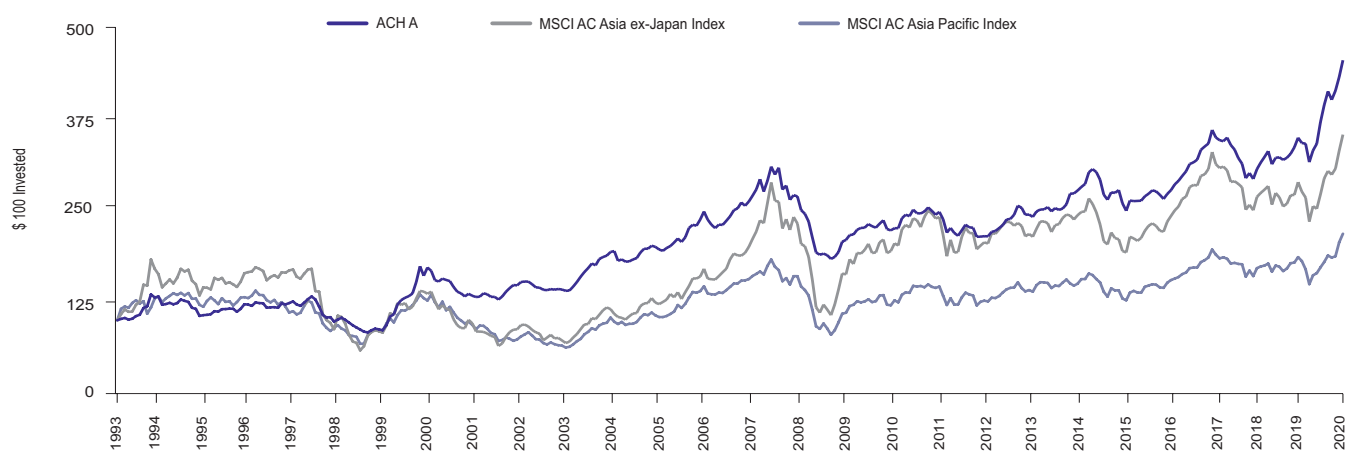


ASIAN CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

	ACH % <sup>2</sup>	MSCI AC Asia ex Japan	MSCI AC Asia Pacific Index
1 year p.a.	30.3	22.5	17.1
3 years p.a.	10.1	5.7	4.8
5 years p.a.	10.5	11.0	8.7
Since Inception p.a.	5.6	4.7	2.8

<sup>2</sup> Of Class A shares, adjusted for dividend payments

Value of US\$100 Invested



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

ASIAN CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	31/12/20 US\$000	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	32,483	84,231
Due from investment companies and brokers	2	1,000	-
Prepayments on investments	2	1,000	-
Shareholder subscriptions receivable		165	-
Other accounts receivable	2	9	27
Cash and cash equivalents	2, 3	974	9,296
		<u>35,631</u>	<u>93,554</u>
<b>Total assets</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term borrowings	2, 3	(21)	(15)
Advisory and performance fees payable	6	(844)	(446)
Other accounts payable and accrued expenses	2, 7	(54)	(72)
		<u>(919)</u>	<u>(533)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(919)	(533)
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b><u>34,712</u></b>	<b><u>93,021</u></b>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$211.95</b>	<b>US\$162.68</b>
<b>Net asset value per Class B redeemable participating share</b>		<b>€136.18</b>	<b>€106.49</b>

ASIAN CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	8	20,766	6,453
- Change in unrealised gains/(losses)	8	(5,853)	10,754
Interest income	2	-	43
Surplus on repurchase of own shares	2	16	7
Other income		47	25
<b>Total income/(loss)</b>		<b>14,976</b>	<b>17,282</b>
<b>Operating expenses</b>			
Advisory and performance fees	9	(1,712)	(1,455)
Administration fees	10	(46)	(71)
Audit fees		(35)	(42)
Other operating expenses	11	(182)	(146)
<b>Total operating expenses</b>		<b>(1,975)</b>	<b>(1,714)</b>
<b>Operating profit/(loss)</b>		<b>13,001</b>	<b>15,568</b>
<b>Finance costs</b>			
Commitment fee relating to short-term borrowings	3	(55)	(83)
Interest expense short-term borrowings	2, 3	(20)	(2)
Interest expense	2	(7)	(3)
<b>Total finance costs</b>		<b>(82)</b>	<b>(88)</b>
<b>Profit/(loss) before taxation</b>		<b>12,919</b>	<b>15,480</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>12,919</b>	<b>15,480</b>

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

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

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>93,021</b>	<b>85,220</b>
Increase from redeemable participating shares issued	5	1,231	504
Decrease due to redeemable participating shares repurchased	5	<u>(72,459)</u>	<u>(8,183)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(71,228)</b>	<b>(7,679)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>12,919</u>	<u>15,480</u>
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>		<b><u>34,712</u></b>	<b><u>93,021</u></b>

ASIAN CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		12,919	15,480
<b>Adjustments for:</b>			
Interest income		-	(43)
Surplus on repurchase of own shares		(16)	(7)
Other income		(47)	(25)
Finance costs		82	88
Foreign exchange (gains)/losses on cash and cash equivalents		3	-
<b>Net changes in:</b>			
Due from investment companies and brokers		(1,000)	-
Prepayments on investments		(1,000)	-
Other accounts receivable		18	(27)
Advisory and performance fees payable		398	(55)
Other accounts payable and accrued expenses		(18)	(8)
Financial assets at fair value through profit or loss		51,745	(11,732)
Financial liabilities at fair value through profit or loss		-	(27)
Interest income received		-	43
Surplus on repurchase of own shares received		16	7
Other income received		47	25
Finance costs paid		(82)	(88)
<b>Net cash from operating activities</b>		<b>63,065</b>	<b>3,631</b>
<b>Cash flows from financing activities</b>			
Short-term borrowings		6	15
Proceeds from redeemable participating shares issued		1,066	504
Paid on redeemable participating shares repurchased		(72,459)	(8,183)
<b>Net cash from financing activities</b>		<b>(71,387)</b>	<b>(7,664)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8,322)</b>	<b>(4,033)</b>
Cash and cash equivalents at 1 January		9,296	13,329
<b>Cash and cash equivalents at 31 December</b>	<b>2, 3</b>	<b>974</b>	<b>9,296</b>

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	31/12/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	974	9,296
<b>Total cash and cash equivalents</b>	<b>974</b>	<b>9,296</b>

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

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

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

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

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

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

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

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

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

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

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

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Asia	-	15,960	-	15,960
Greater China	-	16,439	-	16,439
<b>Total investment companies</b>	<b>-</b>	<b>32,399</b>	<b>-</b>	<b>32,399</b>
Forward FX contracts	-	84	-	84
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>32,483</b>	<b>-</b>	<b>32,483</b>

As at 31 December 2020, the Board of Directors made no fair value adjustments. A sensitivity analysis on the fair value of Level 3 investments has not been performed as there is no write down provision as at 31 December 2020.

During the year ended 31 December 2020, ACH held no Level 3 investments

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

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

As at 31 December 2019, the Board of Directors made no fair value adjustments. A sensitivity analysis on the fair value of Level 3 investments has not been performed as there is no write down provision as at 31 December 2019.

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

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

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

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 31 December 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	1,000	-	1,000
Prepayments on investments	-	1,000	-	1,000
Shareholder subscriptions receivable	-	165	-	165
Other accounts receivable	-	9	-	9
Cash and cash equivalents	974	-	-	974
<b>Total</b>	<b>974</b>	<b>2,174</b>	<b>-</b>	<b>3,148</b>
<b>Liabilities</b>				
Short-term borrowings	(21)	-	-	(21)
Advisory and performance fees payable	-	(844)	-	(844)
Other accounts payable and accrued expenses	-	(54)	-	(54)
<b>Total</b>	<b>(21)</b>	<b>(898)</b>	<b>-</b>	<b>(919)</b>

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

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



ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

A condensed schedule of investments of ACH as at 31 December 2020 was:

	31/12/20 US\$000	% of NAV
Value Partners Classic Fund	6,218	17.9
Brilliant US Feeder 2 Fund Ltd	4,879	14.1
Anatole Partners Ltd	4,730	13.6
Tree Line Asia Fund	4,683	13.5
Fenghe Asia (USTE) Fund Ltd	4,405	12.7
Indus Select Fund Ltd	2,142	6.2
MW Tops China UCITS Fund	1,886	5.4
TX Capital Value Fund	1,802	5.2
Other investments	1,738	5.0
<b>Total financial assets at fair value through profit or loss</b>	<b><u>32,483</u></b>	

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

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

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

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

Included under financial assets at fair value through profit or loss at 31 December 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	2,080	(2,475)	11/01/2021	<u>84</u>
<b>Total</b>				<b><u>84</u></b>

ASIAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

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

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the year ended 31 December 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	90,727	2,294	93,021
Subscriptions	1,231	-	1,231
Redemptions	(71,998)	(461)	(72,459)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>12,096</u>	<u>823</u>	<u>12,919</u>
<b>Redeemable participating shares at 31 December 2020 – US\$</b>	<b><u>32,056</u></b>	<b><u>2,656</u></b>	<b><u>34,712</u></b>
<b>Redeemable participating shares at 31 December 2020 - €</b>	<b><u>-</u></b>	<b><u>2,159</u></b>	<b><u>-</u></b>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	557,691	19,211	576,902
Subscriptions	6,293	-	6,293
Redemptions	<u>(412,741)</u>	<u>(3,356)</u>	<u>(416,097)</u>
<b>Shares outstanding at 31 December 2020</b>	<b><u>151,243</u></b>	<b><u>15,855</u></b>	<b><u>167,098</u></b>
<b>Net asset value per redeemable participating share at 31 December 2020</b>	<b>US\$211.95</b>	<b>€136.18</b>	

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The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the year ended 31 December 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	504	-	504
Redemptions	(8,110)	(73)	(8,183)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>15,201</u>	<u>279</u>	<u>15,480</u>
<b>Redeemable participating shares at 31 December 2019 – US\$</b>	<b>90,727</b>	<b>2,294</b>	<b>93,021</b>
<b>Redeemable participating shares at 31 December 2019 - €</b>	<u>-</u>	<u>2,046</u>	<u>-</u>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2019	608,817	19,861	628,678
Subscriptions	3,400	-	3,400
Redemptions	<u>(54,526)</u>	<u>(650)</u>	<u>(55,176)</u>
<b>Shares outstanding at 31 December 2019</b>	<b>557,691</b>	<b>19,211</b>	<b>576,902</b>
<b>Net asset value per redeemable participating share at 31 December 2019</b>	<b>US\$162.68</b>	<b>€106.49</b>	

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue for the past three years is summarised below:

At 31 December	2020	2019	2018
Total NAV (US\$000)	34,712	93,021	85,220
Total shares Class A	151,243	557,691	608,817
Total shares Class B	15,855	19,211	19,861
NAV per share Class A (US\$)	211.95	162.68	136.55
NAV per share Class B (€)	136.18	106.49	91.96
Total income/(loss) (US\$000)	14,976	17,282	(23,351)
Total operating expenses (US\$000)	(1,975)	(1,714)	(4,962)
Total finance costs (US\$000)	(82)	(88)	(73)
Taxes (US\$000)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations (US\$000)</b>	<b>12,919</b>	<b>15,480</b>	<b>(28,386)</b>

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the shares, the Company had designated Munnik Opties & Futures bv and Edmond de Rothschild (Suisse) SA to act as agents of the Company to make a market in shares. The Company had agreed, subject to certain limitations, to repurchase shares from the agents at a fixed discount, including a fixed commission of 0.5%. The agreements with both Agents of the Company were terminated effective 4 January 2021.

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6. ADVISORY AND PERFORMANCE FEE PAYABLE

As at	31/12/20 US\$000	31/12/19 US\$000
Advisory fees	(86)	(336)
Performance fees	<u>(758)</u>	<u>(110)</u>
<b>Total</b>	<b><u>(844)</u></b>	<b><u>(446)</u></b>

7. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at	31/12/20 US\$000	31/12/19 US\$000
Payable to the Administrator	(4)	(22)
Audit fees payable	(19)	(26)
Depositary fees payable	(1)	(5)
Other Administrator fees	(23)	(13)
Other accounts payable	<u>(7)</u>	<u>(6)</u>
<b>Total</b>	<b><u>(54)</u></b>	<b><u>(72)</u></b>

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

For the year ended to 31 December	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	20,928	6,675
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(162)</u>	<u>(222)</u>
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>20,766</b>	<b>6,453</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	4,428	15,906
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(10,281)</u>	<u>(5,152)</u>
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>(5,853)</u></b>	<b><u>10,754</u></b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>14,913</u></b>	<b><u>17,207</u></b>

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

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9. ADVISORY AND PERFORMANCE FEES

For the year ended 31 December	2020 US\$000	2019 US\$000
Advisory fees	(954)	(1,345)
Performance fees	<u>(758)</u>	<u>(110)</u>
<b>Total</b>	<b><u>(1,712)</u></b>	<b><u>(1,455)</u></b>

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

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

10. 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.

11. OTHER OPERATING EXPENSES

For the year ended 31 December	2020 US\$000	2019 US\$000
Directors fees	(29)	(28)
Depositary fees	(19)	(20)
Other Administrator fees	(18)	(18)
Other professional fees	(38)	(45)
Legal fees	(11)	(15)
Paying agent and related fees	(20)	(4)
Professional liability insurance	(17)	(5)
Regulatory fees	(3)	(3)
Miscellaneous expenses	<u>(27)</u>	<u>(8)</u>
<b>Total</b>	<b><u>(182)</u></b>	<b><u>(146)</u></b>

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## 12. ONGOING CHARGES

The ongoing charges and performance fees of ACH have been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Ongoing charges	1.92	1.83
Performance fees	1.15	0.12
<b>Total</b>	<b>3.07</b>	<b>1.95</b>

The ongoing charges, as defined in EU Commission regulation 583-2010 and document 10-674 of the Committee of European Securities Regulators, represent the total costs of ACH in the reporting period, expressed as a percentage of the average daily net asset value. Furthermore, any performance fees charged by the Investment Advisor are shown separately.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These additional fees, if included in the numbers stated above, and calculated based on a best estimation would increase the ongoing charges to 3.15% (2019: 3.08%) and the performance fees to 6.28% (2019: 1.85%) based on the net performance of ACH for the year.

In addition to investment management fees and performance fees, underlying investment companies might incur operational expenses that are included in the net asset value of these companies and are not charged separately. Since these operating expenses are typically not disclosed in the prospectus of these companies they are difficult to estimate by ACH and are not included in the numbers stated above.

## 13. COMPARISON COSTS ACCORDING TO PROSPECTUS AND ACTUAL COSTS

The basis on which various costs are charged to ACH are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to include a comparison between those costs disclosed in the prospectus and the actual costs.

For the year ended 31 December	Actual 2020 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(954)	(954)	-
Performance fees	(758)	(758)	-
Administration fees	(46)	(46)	-
Depositary fees	(19)	(19)	-
Directors fees	(29)	(29)	-
Paying agent and related fees	(20)	(20)	-
Commitment fee relating to short term borrowings	(55)	(55)	-
Interest expense short term borrowings	(20)	(20)	-

For the year ended 31 December	Actual 2019 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(1,345)	(1,345)	-
Performance fees	(110)	(110)	-
Administration fees	(71)	(71)	-
Depositary fees	(20)	(20)	-
Directors fees	(28)	(28)	-
Paying agent and related fees	(4)	(4)	-
Commitment fee relating to short term borrowings	(83)	(83)	-
Interest expense short term borrowings	(2)	(2)	-

<sup>1</sup> The amounts shown are calculated by using the percentages stated in the prospectus (if applicable).

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#### 14. PORTFOLIO TURNOVER RATE

The portfolio turnover rate of ACH has been calculated as follows:

For the year ended 31 December	2020	2019
	%	%
Portfolio turnover rate	<u>7.1</u>	<u>2.3</u>

The portfolio turnover rate reflects the sum of the total gross amount of purchases and sales of investments of ACH in the reporting period, minus the sum of the total amount of subscriptions and redemptions of redeemable participating shares, expressed as a percentage of the average daily net assets.

#### 15. RELATED PARTY TRANSACTIONS

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

Transactions with related parties are done on terms that are considered to be in conformity with market rates.

Please refer to note 2.12 of the Company and note 6, 9 and 11 above for further information about transactions that took place with related and affiliated parties, including the total amount of such transactions, any outstanding balances as at the end of the reporting period and the total amount of expenses incurred by ACH relating to these transactions.

The total personal interest of the members of the Board of Directors of the Company, the Board of Directors of LCH Investments NV and the Company Secretary in redeemable participating shares of ACH during the year ended 31 December 2020 was:

31 December	Position at 2019	Purchases/ (Sales)	Position at 2020
Shares of ACH	390	-	390

#### 16. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used: €1.00 = US\$1.2301 (2019: US\$1.1212).

#### 17. FINANCIAL RISK FACTORS

ACH's investment activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. ACH is exposed to market risk, liquidity risk, counterparty risk and other risks (risk of using derivatives). The risk management policies employed by ACH to manage these risks are discussed below.

##### 17.1 Market risk

###### (a) Price risk

ACH invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Board of Directors manages this risk by monitoring the performance of each underlying investment closely on a weekly and monthly basis.

ACH is exposed to transferable securities price risk and derivative price risk. This arises from investments held by ACH for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than USD, the price initially expressed in foreign currency and then converted into USD will also fluctuate because of changes in foreign exchange rates.

ACH has also performed a sensitivity analysis. The relationship between movements in the MSCI China Index (with a weighting of 60%) and the MSCI AC Asia ex. Japan Index (with a weighting of 40%) and the NAV of ACH is uncertain and subject to change at any time

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and should not be relied upon in assessing likely future relationships. Notwithstanding this, as required by IFRS, the following details ACH's estimated sensitivity to a 5% general increase and decrease in the above combined indices.

As at 31 December 2020, if the combined indices had increased or decreased by an additional 5% during 2020, with all other variables held constant and based on the actual change during 2020 of the net asset value and the combined indices, the increase or decrease in net assets attributable to holders of redeemable shares for the year might have amounted to 3.81% (2019: 2.03%).

**(b) Foreign exchange risk**

ACH operates internationally and holds both monetary and non-monetary assets denominated in currencies other than USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Portfolios, through the underlying investments, will be primarily invested in US dollar-denominated investments and their assets are valued in US dollars. ACH (with respect to each of the Portfolios), through the underlying investments, may also invest a portion of its assets in equity securities and other investments denominated in currencies other than the US dollar, including the Euro, and in other financial instruments, the prices of which are determined with reference to currencies other than the US dollar. To the extent un-hedged, the value of ACH's non-dollar denominated assets will fluctuate with US dollar exchange rates as well as with price changes of ACH's investments in the various local markets and currencies. Thus, an increase in the value of the US dollar (or, for Class B shareholders, the Euro) compared to the other currencies in which the underlying investment may make its investments will reduce the effect of increases and magnify the US dollar (or Euro) equivalent of the effect of decreases in the prices of ACH's securities and other investments in their local markets. Conversely, a decrease in the value of the US dollar (or Euro) will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a Fund's non-US dollar (or non-Euro) securities or other investments. The portfolio managers of the underlying investments may use spot currency transactions, forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

ACH 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. The related hedging costs and the gains or losses attributable to the hedging transactions will be credited or charged to the class of shares on behalf of which such transactions were effected. There can be no assurance that such hedging transactions will be effective. Although ACH may hedge against currency fluctuations of either the Class A shares or the Class B shares, currently ACH anticipates that it will seek to hedge against currency fluctuations solely with respect to the Class B shares.

The carrying amount of ACH's direct foreign currency denominated financial assets and financial liabilities at the reporting date is detailed in notes 3 and 4.

As at 31 December 2020 and 31 December 2019, foreign exchange risk does not present a significant risk.

**(c) Cash flow and fair value interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Board of Directors manages this risk by monitoring fluctuations in the market interest rates on a monthly basis.

As at 31 December 2020 and 31 December 2019, cash flow and fair value interest rate risk do not present a significant risk.

**17.2 Liquidity risk**

Liquidity risk is the risk that ACH may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. ACH is exposed to monthly cash redemptions of redeemable shares 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. ACH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the investment vehicles and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

The success of ACH's investment program depends to a great extent upon the ability of the portfolio managers of the underlying investments to assess correctly the future course of price movements of stocks, bonds, commodities and currencies. There can be no assurance that the portfolio managers will accurately predict such movements. In addition, certain of the investments in which a



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substantial portion of each Portfolio's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the portfolio manager to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, the NAV of a class of shares may fluctuate widely from one period to the next. The risk of illiquidity is also increased by the prevalence of requirements by portfolio advisers with whom ACH wishes to invest that ACH agree to minimum holding periods and redemption periods in underlying investments that are generally longer than ACH's own redemption period.

ACH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the underlying investments and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

As a result of disrupted market conditions such as a rapid and catastrophic price movements in markets in which ACH invests, determination of the NAV of each class of shares, the right to redeem shares or the market maker facility could be suspended or restricted resulting in illiquidity of the shares during such suspension.

The following table details the ordinary redemption periods of the underlying investment companies in which ACH has invested as well as any other financial assets through profit or loss as at 31 December 2020.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	3,232	-	-	3,232
30 days or less	30,597	-	-	30,597
45 days	1,802	-	-	1,802
<b>Total assets</b>	<b>35,631</b>	<b>-</b>	<b>-</b>	<b>35,631</b>

The following table details the ordinary redemption periods of the underlying investment companies in which ACH has invested as well as any other financial assets through profit or loss as at 31 December 2019.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	9,325	-	-	9,325
30 days or less	72,306	-	-	72,306
45 days	11,923	-	-	11,923
<b>Total assets</b>	<b>93,554</b>	<b>-</b>	<b>-</b>	<b>93,554</b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

The table above shows by when investments could be normally redeemed even if subject to an early redemption fee, and not taking into account initial lock-ups.

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The following table details ACH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2020 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short-term borrowings	(21)	-	-
Advisory and performance fees payable	(86)	-	(758)
Other accounts payable and accrued expenses	(54)	-	-
Net assets attributable to holders of redeemable participating shares	-	(34,712)	-
<b>Total</b>	<b>(161)</b>	<b>(34,712)</b>	<b>(758)</b>

The following table details ACH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2019 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short-term borrowings	(15)	-	-
Advisory and performance fees payable	(336)	-	(110)
Other accounts payable and accrued expenses	(72)	-	-
Net assets attributable to holders of redeemable participating shares	-	(93,021)	-
<b>Total</b>	<b>(423)</b>	<b>(93,021)</b>	<b>(110)</b>

### 17.3 Counterparty creditworthiness

ACH is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

To the extent that ACH engages, directly or through the underlying investments, in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions and bonds and other fixed income securities and/or to the extent that ACH makes use of the services of a counterparty for the custody of its assets, ACH must rely on the creditworthiness of its counterparty. Insolvency of, gross negligence, wilful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

ACH manages this risk by evaluating the creditworthiness of its direct counterparties. ACH's indirect exposure to counterparty risk through its investments in underlying investments is monitored by management as part of its due diligence process.

In the following table the Depositary and custodians appointed by ACH are listed together with the most relevant credit ratings for those firms as well as the financial assets and liabilities through profit or loss held at the Depositary and custodians and the outstanding cash balances, if any, as at the end of the reporting period.

Financial assets and liabilities through profit or loss:

At 31 December	Moody's	S&P	2020 US\$000	2019 US\$000
Citico Bank Nederland NV, Dublin Branch	NR	NR	32,483	84,231
<b>Total</b>			<b>32,483</b>	<b>84,231</b>

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Net cash balances:

At 31 December	2020 US\$000	2019 US\$000
Citico Bank Nederland NV, Dublin Branch	974	9,296
<b>Total</b>	<b>974</b>	<b>9,296</b>

#### 17.4 Other risks

##### Use of derivatives

Derivatives refer to financial instruments which derive their performance at least in part from the performance of an underlying asset, index or interest rate. Financial instruments such as futures, forward contracts and other derivatives may be used by the underlying investment portfolio managers both for speculative purposes and for hedging other investments. ACH does not control or monitor on a regular basis the investments of the portfolio managers. ACH may have a significant exposure to derivatives risks. However, as a two-tier company, its liability is limited by investing, as it does, through multiple separate legal entities. If the derivative exposure in ACH became material, that would subject the investors to a higher risk of loss and volatility and would make the pricing of the assets more difficult because, among other things, of the leveraged effect of such investments, the added credit risk of issuing counterparties, and the potential for illiquidity in certain circumstances. ACH does not have a percentage limitation on hedging of its Portfolio.

Hedging against a decline in the value of a portfolio investment does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. The portfolio managers of the underlying investments may utilise hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

It is the policy of ACH to transact the majority of its direct investments in securities and contractual commitment activity with broker-dealers and banks that management considers to be well established/first rated.

##### Share class and currency risk

ACH constitutes a single legal entity, but the assets of the Class A Portfolio will be invested for the benefit of the Class A Shareholders and the assets of the Class B Portfolio will be invested for the benefit of the Class B Shareholders. However, while liabilities attributed to a class of shares (including any borrowings relating specifically to a Portfolio) will only be allocated to that class, a creditor of ACH will generally not be bound to satisfy its claims from a particular class. Rather, such creditor could seek, to the extent the liabilities exceeded the assets of the class to which the liabilities are associated, to satisfy its claim from ACH's assets as a whole. Thus, if a creditors' claim relating to a particular class of shares exceeds the assets attributable to that class of shares, the remaining assets of ACH (the other class of shares) may be subject to such claim.

Foreign exchange hedging activity in connection with the Class B Portfolio, as well as subscription and redemption activity of shares in any class may have negative or positive cash flow implications for ACH's underlying portfolio.

#### 18. COMPARATIVE FIGURES

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

#### 19. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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



## 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.

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 DCH optimally in changing markets.

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

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

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

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

Date	NAV per share Class A - US\$	NAV per share Class C - US\$ <sup>3</sup>	Performance %
31/01/00†	500.00		
31/12/00	641.18		28.2
31/12/01	708.40		10.5
31/12/02	713.43		0.7
31/12/03	832.33		16.7
31/12/04	1,072.03		28.8
31/12/05	1,244.88		16.1
31/12/06	1,352.46		8.6
31/12/07	1,681.60		24.3
31/12/08	1,370.74		(18.5)
31/12/09	1,271.57		(7.2)
31/12/10	1,363.49		7.2
31/12/11	1,368.98		0.4
31/12/12	1,594.03		16.4
31/12/13††	188.16		18.0
31/12/14	185.60		(1.4)
31/12/15	177.17		(4.5)
31/12/16	184.02		3.9
31/12/17	204.46		11.1
31/12/18	188.87	189.47	(7.6)
31/12/19	208.77	210.81	10.5
31/12/20	255.83	259.67	22.5

	DCH %	S&P500 <sup>2</sup> %
1 year p.a.	22.5	17.7
3 years p.a.	7.8	13.5
5 years p.a.	7.6	14.5
Since Inception p.a.	8.1	6.3

<sup>1</sup> 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. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

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

<sup>3</sup> Launched at US\$210.35 on 31 January 2018

† Inception at 31 January 2000

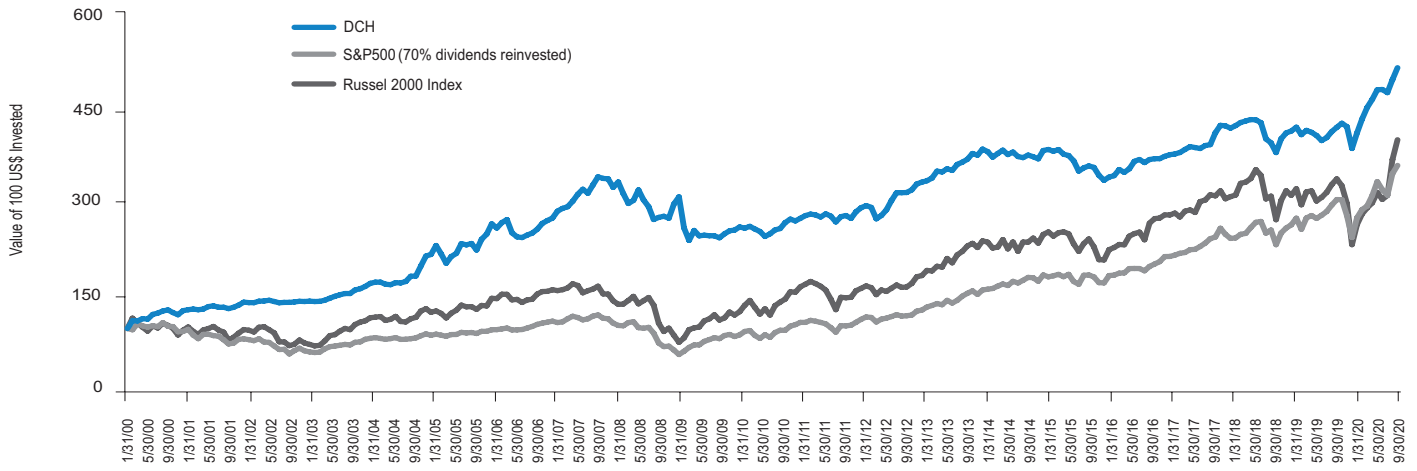
†† Split of 10 for 1 on 30 June 2013

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.

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

Value of US\$100 Invested



<sup>1</sup> 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. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	31/12/20 US\$000	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	113,680	122,319
Due from investment companies and brokers	2	3,542	5,150
Other accounts receivable	2	26	35
Cash and cash equivalents	2, 3	<u>1,287</u>	<u>345</u>
<b>Total assets</b>		<b><u>118,535</u></b>	<b><u>127,849</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings	2, 3	(25)	(1,017)
Advisory and performance fees payable	6	(1,560)	(533)
Other accounts payable and accrued expenses	2, 7	<u>(72)</u>	<u>(70)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(1,657)</u>	<u>(1,620)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b><u>116,878</u></b>	<b><u>126,229</u></b>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$255.83</b>	<b>US\$208.77</b>
<b>Net asset value per Class C redeemable participating share</b>		<b>US\$259.67</b>	<b>US\$210.81</b>

The notes on pages 77 to 90 are an integral part of these financial statements



DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss			
- Realised gains/(losses)	8	6,112	9,638
- Change in unrealised gains/(losses)	8	20,355	4,754
Interest income	2	-	43
Other income		22	14
<b>Total income/(loss)</b>		<b>26,489</b>	<b>14,449</b>
<b>Operating expenses</b>			
Advisory and performance fees	9	(2,892)	(1,867)
Administration fees	10	(58)	(65)
Audit fees		(42)	(51)
Other operating expenses	11	(256)	(198)
<b>Total operating expenses</b>		<b>(3,248)</b>	<b>(2,181)</b>
<b>Operating profit/(loss)</b>		<b>23,241</b>	<b>12,268</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(111)	(162)
Interest expense short term borrowings	2, 3	(48)	(11)
Interest expense	2	(10)	(4)
<b>Total finance costs</b>		<b>(169)</b>	<b>(177)</b>
<b>Profit/(loss) before taxation</b>		<b>23,072</b>	<b>12,091</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>23,072</b>	<b>12,091</b>

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

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

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>126,229</b>	<b>118,137</b>
Increase from redeemable participating shares issued	5	20,500	13,000
Decrease due to redeemable participating shares repurchased	5	<u>(52,923)</u>	<u>(16,999)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(32,423)</b>	<b>(3,999)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>23,072</u>	<u>12,091</u>
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>		<b><u>116,878</u></b>	<b><u>126,229</u></b>

DISCOVERY CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		23,072	12,091
<b>Adjustments for:</b>			
Interest income		-	(43)
Other income		(22)	(14)
Finance costs		169	177
<b>Net changes in:</b>			
Due from investment companies and brokers		1,608	34
Prepayments on investments		-	5,000
Other accounts receivable		9	(35)
Advisory and performance fees payable		1,027	220
Other accounts payable and accrued expenses		2	23
Financial assets at fair value through profit or loss		8,639	(21,983)
Interest income received		-	43
Other income received		22	14
Finance costs paid		(169)	(177)
<b>Net cash from operating activities</b>		<b>34,357</b>	<b>(4,650)</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		(992)	1,017
Proceeds from redeemable participating shares issued		20,500	13,000
Paid on redeemable participating shares repurchased		(52,923)	(16,999)
<b>Net cash from financing activities</b>		<b>(33,415)</b>	<b>(2,982)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>942</b>	<b>(7,632)</b>
Cash and cash equivalents at 1 January		345	7,977
<b>Cash and cash equivalents at 31 December</b>	<b>2, 3</b>	<b>1,287</b>	<b>345</b>

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	31/12/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	1,286	345
Cash €	<u>1</u>	<u>-</u>
<b>Total cash and cash equivalents</b>	<b><u>1,287</u></b>	<b><u>345</u></b>

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

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

DCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depository. At the end of the reporting period, DCH had drawn an amount of US\$0.02 million (31 December 2019: US\$1.02 million).

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

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

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

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

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

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

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

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

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Emerging Managers	-	113,615	65	113,680
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>113,615</b>	<b>65</b>	<b>113,680</b>

As at 31 December 2020, the Board of Directors made no fair value adjustments. A sensitivity analysis on the fair value of Level 3 investments has not been performed as the write down provision amounts are not significant.

The following table presents the movement of Level 3 investments for the year ended 31 December 2020 by category of investment:

	Emerging Managers US\$000	Total US\$000
Opening balance	13,553	13,553
Sales	(300)	(300)
Transfers into/(out of) Level 3	(12,892)	(12,892)
Gains/(losses) recognised	(296)	(296)
<b>Closing balance</b>	<b>65</b>	<b>65</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2020, transfers to Level 3 were the result of investment positions becoming subject to liquidity restrictions.

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

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

As at 31 December 2019, the Board of Directors made fair value adjustments, as noted in note 2.4 on page 37 and are shown in the Level 3 investments in the table above. Fair value adjustments of US\$1.13 million, representing 0.89% of the net asset value at year-end, were applied to the Level 3 investments. The Level 3 investments fair value are shown net of the fair value adjustments in the table above. The fair value adjustments made by the Board of Directors amounted to 7% to 25% of the reported value of the underlying investment companies. A sensitivity analysis on the fair value of Level 3 investments has not been performed as the write down provision amounts are not significant.

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 31 December 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	3,542	-	3,542
Other accounts receivable	-	26	-	26
Cash and cash equivalents	1,287	-	-	1,287
<b>Total</b>	<b>1,287</b>	<b>3,568</b>	<b>-</b>	<b>4,855</b>
<b>Liabilities</b>				
Short term borrowings	(25)	-	-	(25)
Advisory and performance fees payable	-	(1,560)	-	(1,560)
Other accounts payable and accrued expenses	-	(72)	-	(72)
<b>Total</b>	<b>(25)</b>	<b>(1,632)</b>	<b>-</b>	<b>(1,657)</b>

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

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

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

A condensed schedule of investments of DCH as at 31 December 2020 was:

	31/12/20 US\$000	% of NAV
Honeycomb Offshore Fund Ltd	16,300	13.9
Sunriver Fund Ltd	13,324	11.4
Armistice Capital Offshore Fund Ltd	11,889	10.2
Jeneq Fund Ltd	11,571	9.9
Bishop Rock Opportunity Offshore Fund Ltd	11,403	9.8
Whale Rock Flagship Fund Ltd	9,734	8.3
Other investments	<u>39,459</u>	33.8
<b>Total financial assets at fair value through profit or loss</b>	<b><u>113,680</u></b>	

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

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

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

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

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 31 December 2020 are summarised below:

US\$000	Class A	Class C	Total
Redeemable participating shares at 1 January 2020	93,065	33,164	126,229
Subscriptions	20,500	-	20,500
Redemptions	(52,923)	-	(52,923)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>15,387</u>	<u>7,685</u>	<u>23,072</u>
<b>Redeemable participating shares at 31 December 2020 - US\$</b>	<b><u>76,029</u></b>	<b><u>40,849</u></b>	<b><u>116,878</u></b>

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Shares	Class A	Class C	Total
Shares outstanding at 1 January 2020	445,780	157,313	603,093
Subscriptions	95,124	-	95,124
Redemptions	(243,719)	-	(243,719)
<b>Shares outstanding at 31 December 2020</b>	<b>297,185</b>	<b>157,313</b>	<b>454,498</b>
<b>Net asset value per redeemable participating share at 31 December 2020</b>	<b>US\$255.83</b>	<b>US\$259.67</b>	

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 31 December 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	10,000	3,000	-	13,000
Redemptions	(16,017)	-	(982)	(16,999)
Net increase/(decrease) in redeemable participating shares resulting from operations	8,859	3,143	89	12,091
<b>Redeemable participating shares at 31 December 2019 - US\$</b>	<b>93,065</b>	<b>33,164</b>	<b>-</b>	<b>126,229</b>

Shares	Class A	Class C	Class X	Total
Shares outstanding at 1 January 2019	477,698	142,614	4,703	625,015
Subscriptions	48,816	14,699	-	63,515
Redemptions	(80,734)	-	(4,703)	(85,437)
<b>Shares outstanding at 31 December 2019</b>	<b>445,780</b>	<b>157,313</b>	<b>-</b>	<b>603,093</b>
<b>Net asset value per redeemable participating share at 31 December 2019</b>	<b>US\$208.77</b>	<b>US\$210.81</b>	<b>-</b>	



DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue for the past three years is summarised below:

At 31 December	2020	2019	2018
Total NAV (US\$000)	116,878	126,229	118,137
Total shares Class A	297,185	445,780	477,698
Total shares Class C	157,313	157,313	142,614
Total shares Class X	-	-	4,703
NAV per share Class A (US\$)	255.83	208.77	188.87
NAV per share Class C (US\$)	259.67	210.81	189.47
NAV per share Class X (US\$)	-	-	189.93
Total income/(loss) (US\$000)	26,489	14,449	(7,638)
Total operating expenses (US\$000)	(3,248)	(2,181)	(2,302)
Total finance costs (US\$000)	(169)	(177)	(82)
Taxes (US\$000)	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations (US\$000)</b>	<b><u>23,072</u></b>	<b><u>12,091</u></b>	<b><u>(10,022)</u></b>

6. ADVISORY AND PERFORMANCE FEE PAYABLE

As at	31/12/20 US\$000	31/12/19 US\$000
Advisory fees	(260)	(428)
Performance fees	<u>(1,300)</u>	<u>(105)</u>
<b>Total</b>	<b><u>(1,560)</u></b>	<b><u>(533)</u></b>

7. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at	2020 US\$000	2019 US\$000
Payable to the Administrator	(6)	(20)
Audit fees payable	(23)	(16)
Depository fees payable	(5)	(7)
Other Administrator fees	(27)	(15)
Other accounts payable	<u>(11)</u>	<u>(12)</u>
<b>Total</b>	<b><u>(72)</u></b>	<b><u>(70)</u></b>

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended 31 December	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	8,100	10,730
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(1,988)</u>	<u>(1,092)</u>
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>6,112</b>	<b>9,638</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	22,576	14,458
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,221)</u>	<u>(9,704)</u>
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>20,355</u></b>	<b><u>4,754</u></b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b><u>26,467</u></b>	<b><u>14,392</u></b>

9. ADVISORY AND PERFORMANCE FEES

For the year ended 31 December	2020 US\$000	2019 US\$000
Advisory fees	(1,592)	(1,762)
Performance fees	<u>(1,300)</u>	<u>(105)</u>
<b>Total</b>	<b><u>(2,892)</u></b>	<b><u>(1,867)</u></b>

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

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

10. 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

11. OTHER OPERATING EXPENSES

For the year ended 31 December	2020 US\$000	2019 US\$000
Directors fees	(49)	(39)
Depository fees	(37)	(31)
Other Administrator fees	(27)	(18)
Other professional fees	(65)	(66)
Legal fees	(17)	(23)
Professional liability insurance	(31)	(8)
Regulatory fees	(6)	(4)
Miscellaneous expenses	(24)	(9)
<b>Total</b>	<b>(256)</b>	<b>(198)</b>

12. ONGOING CHARGES

The ongoing charges and performance fees of DCH have been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Ongoing charges	1.75	1.66
Performance fees	1.10	0.08
<b>Total</b>	<b>2.85</b>	<b>1.74</b>

The ongoing charges, as defined in EU Commission regulation 583-2010 and document 10-674 of the Committee of European Securities Regulators, represent the total costs of DCH in the reporting period, expressed as a percentage of the average daily net asset value. Furthermore, any performance fees charged by the Investment Advisor are shown separately.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These additional fees, if included in the numbers stated above, and calculated based on a best estimation would increase the ongoing charges to 3.24% (2019: 2.98%) and the performance fees to 6.08% (2019: 1.85%) based on the net performance of DCH for the year.

In addition to investment management fees and performance fees, underlying investment companies might incur operational expenses that are included in the net asset value of these companies and are not charged separately. Since these operating expenses are typically not disclosed in the prospectus of these companies they are difficult to estimate by DCH and are not included in the numbers stated above.

13. COMPARISON COSTS ACCORDING TO PROSPECTUS AND ACTUAL COSTS

The basis on which various costs are charged to DCH are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to include a comparison between those costs disclosed in the prospectus and the actual costs.

For the year ended 31 December	Actual 2020 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(1,592)	(1,592)	-
Performance fees	(1,300)	(1,300)	-
Administration fees	(58)	(58)	-
Depository fees	(37)	(37)	-
Directors fees	(49)	(49)	-
Commitment fee relating to short term borrowings	(111)	(111)	-
Interest expense relating to credit facility	(48)	(48)	-

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December	Actual 2019 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(1,762)	(1,762)	-
Performance fees	(105)	(105)	-
Administration fees	(65)	(65)	-
Depository fees	(31)	(31)	-
Directors fees	(39)	(39)	-
Commitment fee relating to short term borrowings	(162)	(162)	-
Interest expense relating to credit facility	(11)	(11)	-

<sup>1</sup> The amounts shown are calculated by using the percentages stated in the prospectus (if applicable).

#### 14. PORTFOLIO TURNOVER RATE

The gross portfolio turnover rate of DCH has been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Portfolio turnover rate	<u>(2.3)</u>	<u>9.0</u>

The portfolio turnover rate reflects the sum of the total gross amount of purchases and sales of investments of DCH in the reporting period, minus the sum of the total amount of subscriptions and redemptions of redeemable participating shares, expressed as a percentage of the average monthly net assets.

#### 15. RELATED PARTY TRANSACTIONS

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

Additionally, transactions with LCH could be considered related party transactions, since DCH and LCH have the same Board of Directors. Transactions with related parties are done on terms that are considered to be in conformity with market rates.

Please refer to note 2.12 of the Company and note 6, 9 and 11 above for further information about transactions that took place with related and affiliated parties, including the total amount of such transactions, any outstanding balances as at the end of the reporting period and the total amount of expenses incurred by DCH relating to these transactions.

During 2020, LCH subscribed US\$21 million (2019: US\$10 million) and redeemed US\$15 million (2019: US\$10 million) from DCH.

As of 31 December 2020, LCH owned 57.04% (2019: 37.76%) of the net assets of DCH.

The total personal interest of the members of the Board of Directors of the Company, the Board of Directors of LCH Investments NV and the Company Secretary in redeemable participating shares of DCH during the year ended 31 December 2020 was:

31 December	Position at 2019	Purchases/ (Sales)	Position at 2020
Shares of DCH	-	-	-

#### 16. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used: €1.00 = US\$1.2215 (2019: US\$1.1224).

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

## 17. FINANCIAL RISK FACTORS

DCH's investment activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. DCH is exposed to market risk, liquidity risk, counterparty risk and other risks (risk of using derivatives). The risk management policies employed by DCH to manage these risks are discussed below.

### 17.1 Market risk

#### (a) Price risk

DCH invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Board of Directors manages this risk by monitoring the performance of each underlying investment closely on a weekly and monthly basis..

DCH is exposed to transferable securities price risk and derivative price risk. This arises from investments held by DCH for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than USD, the price initially expressed in foreign currency and then converted into USD will also fluctuate because of changes in foreign exchange rates.

DCH has also performed a sensitivity analysis. The relationship between movements in the S&P500 Index and the NAV of DCH is uncertain and subject to change at any time and should not be relied upon in assessing likely future relationships. Notwithstanding this, as required by IFRS, the following details DCH's estimated sensitivity to a 5% general increase and decrease in the S&P500 index.

As at December 31, 2020, if the S&P500 Index had increased or decreased by an additional 5% during 2020, with all other variables held constant and based on the actual change during 2020 of the net asset value and the S&P500 Index, the increase or decrease in net assets attributable to holders of redeemable shares for the year might have amounted to 2.39% (2019: 2.55%).

#### (b) Foreign exchange risk

DCH operates internationally and holds both monetary and non-monetary assets denominated in currencies other than USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Portfolios, through the underlying investments, will be primarily invested in US dollar-denominated investments and their assets are valued in US dollars. DCH (with respect to each of the Portfolios), through the underlying investments, may also invest a portion of its assets in equity securities and other investments denominated in currencies other than the US dollar and in other financial instruments, the prices of which are determined with reference to currencies other than the US dollar. To the extent un-hedged, the value of DCH's non-dollar denominated assets will fluctuate with US dollar exchange rates as well as with price changes of DCH's investments in the various local markets and currencies. Thus, an increase in the value of the US dollar compared to the other currencies in which the underlying investment may make its investments will reduce the effect of increases and magnify the US dollar equivalent of the effect of decreases in the prices of DCH's securities and other investments in their local markets. Conversely, a decrease in the value of the US dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a Fund's non-US dollar securities or other investments. The portfolio managers of the underlying investments may use spot currency transactions, forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

DCH 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. The related hedging costs and the gains or losses attributable to the hedging transactions will be credited or charged to the class of shares on behalf of which such transactions were effected. There can be no assurance that such hedging transactions will be effective. Although DCH may hedge against currency fluctuations of either the Class A shares, the Class C shares, or the Class X shares, currently DCH anticipates that it will not seek to hedge against currency fluctuations for any of the current share classes.

The carrying amount of DCH's direct foreign currency denominated financial assets and financial liabilities at the reporting date is detailed in note 3 and 4.

As at 31 December 2020 and 31 December 2019, foreign exchange risk does not present a significant risk.

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

**(c) Cash flow and fair value interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board of Directors manages this risk by monitoring fluctuations in the market interest rates on a monthly basis.

As at 31 December 2020 and 31 December 2019, cash flow and fair value interest rate risk do not present a significant risk.

**17.2 Liquidity risk**

Liquidity risk is the risk that DCH may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. DCH is exposed to quarterly cash redemptions of redeemable shares and has a 45 business days' notice period for redemption requests. DCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the investment vehicles and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

The success of DCH's investment program depends to a great extent upon the ability of the portfolio managers of the underlying investments to assess correctly the future course of price movements of stocks, bonds, commodities and currencies. There can be no assurance that the portfolio managers will accurately predict such movements. In addition, certain of the investments in which a substantial portion of each Portfolio's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the portfolio manager to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, the NAV of a class of shares may fluctuate widely from one period to the next. The risk of illiquidity is also increased by the prevalence of requirements by portfolio advisers with whom DCH wishes to invest that DCH agree to minimum holding periods and redemption periods in underlying investments that are generally longer than DCH's own redemption period.

DCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the underlying investments and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

As a result of disrupted market conditions such as a rapid and catastrophic price movement in markets in which DCH invests, determination of the NAV of each class of shares, the right to redeem shares or the market maker facility could be suspended or restricted resulting in illiquidity of the shares during such suspension.

The following table details the ordinary redemption periods of the investment companies in which DCH has invested as well as any other financial assets through profit or loss as at 31 December 2020.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
cash and other assets	4,855	-	-	4,855
30 days or less	2,887	-	-	2,887
45 days	34,900	-	-	34,900
60 days	44,327	-	-	44,327
90 days	31,501	-	-	31,501
More than 90 days	-	-	65	65
<b>Total assets</b>	<b>118,470</b>	<b>-</b>	<b>65</b>	<b>118,535</b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table details the ordinary redemption periods of the investment companies in which DCH has invested as well as any other financial assets through profit or loss as at 31 December 2019.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	5,530	-	-	5,530
30 days or less	4,386	-	-	4,386
45 days	27,714	-	-	27,714
60 days	45,887	-	-	45,887
90 days	43,726	-	-	43,726
More than 90 days	-	-	606	606
<b>Total assets</b>	<b><u>127,243</u></b>	<b><u>-</u></b>	<b><u>606</u></b>	<b><u>127,849</u></b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

The following table details DCH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2020 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short term borrowings	(25)	-	-
Advisory and performance fees payable	(260)	-	(1,300)
Other accounts payable and accrued expenses	(72)	-	-
Net assets attributable to holders of redeemable participating shares	-	(116,878)	-
<b>Total</b>	<b><u>(357)</u></b>	<b><u>(116,878)</u></b>	<b><u>(1,300)</u></b>

The following table details DCH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2019 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short term borrowings	(1,017)	-	-
Advisory and performance fees payable	(428)	-	(105)
Other accounts payable and accrued expenses	(70)	-	-
Net assets attributable to holders of redeemable participating shares	-	(126,229)	-
<b>Total</b>	<b><u>(1,515)</u></b>	<b><u>(126,229)</u></b>	<b><u>(105)</u></b>

### 17.3 Counterparty creditworthiness

DCH is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

To the extent that DCH engages, directly or through the underlying investments, in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions and bonds and other fixed income securities and/or to the extent that DCH makes use of the services of a counterparty for the custody of its assets, DCH must rely on the creditworthiness of its counterparty.

DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Insolvency of, gross negligence, wilful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

DCH manages this risk by evaluating the creditworthiness of its direct counterparties. DCH's indirect exposure to counterparty risk through its underlying investments is monitored by management as part of its due diligence process.

In the following table the Depositary and custodians appointed by DCH are listed together with the most relevant credit ratings for those firms as well as the financial assets and liabilities through profit or loss held at the Depositary and custodians and the outstanding cash balances, if any, as at the end of the reporting period.

Financial assets and liabilities through profit or loss:

At 31 December	Moody's	S&P	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	NR	NR	<u>113,680</u>	<u>122,319</u>
<b>Total</b>			<b><u>113,680</u></b>	<b><u>122,319</u></b>

Net cash balances:

At 31 December	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	<u>1,287</u>	<u>345</u>
<b>Total</b>	<b><u>1,287</u></b>	<b><u>345</u></b>

#### 17.4 Other risks

##### Use of derivatives

Derivatives refer to financial instruments which derive their performance at least in part from the performance of an underlying asset, index or interest rate. Financial instruments such as futures, forward contracts and other derivatives may be used by the underlying investment portfolio managers both for speculative purposes and for hedging other investments. DCH does not control or monitor on a regular basis the investments of the portfolio managers. DCH may have a significant exposure to derivatives risks. However, as a two-tier company, its liability is limited by investing, as it does, through multiple separate legal entities. If the derivative exposure in DCH became material, that would subject the investors to a higher risk of loss and volatility and would make the pricing of the assets more difficult because, among other things, of the leveraged effect of such investments, the added credit risk of issuing counterparties, and the potential for illiquidity in certain circumstances. DCH does not have a percentage limitation on hedging of its Portfolio.

Hedging against a decline in the value of a portfolio investment does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. The portfolio managers of the underlying investments may utilise hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

It is the policy of DCH to transact the majority of its direct investments in securities and contractual commitment activity with broker-dealers and banks that management considers to be well established/first rated.

##### Share class and currency risk

DCH constitutes a single legal entity, but the assets of the Class A Portfolio will be invested for the benefit of the Class A Shareholders and the assets of the Class C Portfolio will be invested for the benefit of the Class C Shareholders. However, while liabilities attributed to a class of shares (including any borrowings relating specifically to a Portfolio) will only be allocated to that class, a creditor of DCH will generally not be bound to satisfy its claims from a particular class. Rather, such creditor could seek, to the extent the liabilities exceeded the assets of the class to which the liabilities are associated, to satisfy its claim from DCH's assets as a whole. Thus, if a creditors' claim



DISCOVERY CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

relating to a particular class of shares exceeds the assets attributable to that class of shares, the remaining assets of DCH (the other class of shares) may be subject to such claim.

Subscription and redemption activity of shares in any class may have negative or positive cash flow implications for DCH's underlying portfolio.

18. COMPARATIVE FIGURES

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

19. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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



## 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 merged its operations with LCH with effect from 1 March 2020 and Class B shareholders received 1.48504788 LCH Class B shares in exchange for their ECH shares.

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

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

<sup>1</sup> Any data or information relating to periods prior to the merger date of 23 December 2014 relates to the period that ECH was incorporated in Luxembourg. Furthermore, the information on this page has not been audited since this information does not form part of the audited financial statements.

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	31/12/20 €000 <sup>1</sup>	31/12/19 €000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	-	86,460
Due from investment companies and brokers	2	-	3,936
Other accounts receivable	2	-	29
Cash and cash equivalents	2, 3	-	7,344
		<u>-</u>	<u>97,769</u>
<b>Total assets</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Shareholder redemptions payable		-	(492)
Advisory and performance fees payable		-	(371)
Other accounts payable and accrued expenses	2, 6	-	(71)
		<u>-</u>	<u>(934)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		-	(934)
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<u>-</u>	<u>96,835</u>
<b>Net asset value per Class B redeemable participating share</b>		-	<b>€286.52</b>

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

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	7	13,401	(3,226)
- Change in unrealised gains/(losses)	7	(15,960)	14,297
Fee rebate		8	23
Surplus on repurchase of own shares	5	67	354
Other income		1	12
<b>Total income/(loss)</b>		<b>(2,483)</b>	<b>11,460</b>
<b>Operating expenses</b>			
Advisory and performance fees	8	(225)	(1,590)
Administration fees	9	(9)	(79)
Audit fees		(2)	(51)
Other operating expenses	10	(49)	(173)
<b>Total operating expenses</b>		<b>(285)</b>	<b>(1,893)</b>
<b>Operating profit/(loss)</b>		<b>(2,768)</b>	<b>9,567</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(10)	(88)
Interest expense short term borrowings	2, 3	-	(18)
Interest expense	2	(9)	(36)
<b>Total finance costs</b>		<b>(19)</b>	<b>(142)</b>
<b>Profit/(loss) before taxation</b>		<b>(2,787)</b>	<b>9,425</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable shares from operations</b>		<b>(2,787)</b>	<b>9,425</b>

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

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

For the year ended 31 December	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>96,835</b>	<b>123,147</b>
Increase from redeemable participating shares issued	5	-	156
Decrease due to transfer to Leveraged Capital Holdings	5	(82,111)	-
Decrease due to redeemable participating shares repurchased	5	(11,937)	(35,893)
<b>Net increase/(decrease) from share transactions</b>		<b>(94,048)</b>	<b>(35,737)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(2,787)	9,425
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>		<b>-</b>	<b>96,835</b>

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

EUROPEAN CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 €000 <sup>1</sup>	2019 €000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		(2,787)	9,425
<b>Adjustments for:</b>			
Surplus on repurchase of own shares		(67)	(354)
Other income		(1)	(12)
Finance costs		19	142
<b>Net changes in:</b>			
Due from investment companies and brokers		3,936	1,586
Other accounts receivable		29	(26)
Proceeds from sale of investment companies received in advance		-	(175)
Advisory and performance fees payable		(371)	216
Other accounts payable and accrued expenses		(71)	25
Financial assets at fair value through profit or loss		86,460	27,352
Financial liabilities at fair value through profit or loss		-	(44)
Surplus on repurchase of own shares received		67	354
Other income received		1	12
Finance costs paid		(19)	(142)
<b>Net cash from operating activities</b>		<b>87,196</b>	<b>38,359</b>
<b>Cash flows from financing activities</b>			
Proceeds from redeemable participating shares issued		-	156
Paid on redeemable participating shares repurchased		(94,540)	(35,401)
<b>Net cash from financing activities</b>		<b>(94,540)</b>	<b>(35,245)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,344)</b>	<b>3,114</b>
Cash and cash equivalents at 1 January		7,344	4,230
<b>Cash and cash equivalents at 31 December</b>	<b>2, 3</b>	<b>-</b>	<b>7,344</b>

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



EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

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

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

During the year ended 31 December 2020, there were no transfers between the different levels of the hierarchy.

EUROPEAN CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

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

As at 31 December 2019, the Board of Directors made fair value adjustments, as noted in note 2.4 on page 37 and are shown in the Level 3 investments in the table above. Fair value adjustments of €1.6 million, representing 1.69% of the net asset value at year-end, were applied to the Level 3 investments. The Level 3 investments fair value are shown net of the fair value adjustments in the table above. The fair value adjustments made by the Board of Directors amounted to 100% of the reported value of the underlying investment companies. A sensitivity analysis on the fair value of Level 3 investments has not been performed as the write down provision amounts are not significant.

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

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

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

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

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

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

ECH held no investments as at 31 December 2020.

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

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

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

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

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

€000	Class B	Total
Redeemable participating shares at 1 January 2020	96,835	96,835
Decrease due to transfer to Leveraged Capital Holdings	(82,111)	(82,111)
Redemptions	(11,937)	(11,937)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>(2,787)</u>	<u>(2,787)</u>
<b>Redeemable participating shares at 31 December 2020 - €</b>	<b><u>-</u></b>	<b><u>-</u></b>
Shares	Class B	Total
Shares outstanding at 1 January 2020	337,965	337,965
Decrease due to transfer to Leveraged Capital Holdings	(295,784)	(295,784)
Redemptions	<u>(42,181)</u>	<u>(42,181)</u>
<b>Shares outstanding at 31 December 2020</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net asset value per redeemable participating share at 31 December 2020</b>	<b>-</b>	<b>-</b>

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

€000	Class B	Class Y	Total
Redeemable participating shares at 1 January 2019	119,713	3,434	123,147
Subscriptions	156	-	156
Redemptions	(32,177)	(3,716)	(35,893)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>9,143</u>	<u>282</u>	<u>9,425</u>
<b>Redeemable participating shares at 31 December 2019 - €</b>	<b><u>96,835</u></b>	<b><u>-</u></b>	<b><u>96,835</u></b>
Shares	Class B	Class Y	Total
Shares outstanding at 1 January 2019	455,424	12,698	468,122
Subscriptions	564	-	564
Redemptions	<u>(118,023)</u>	<u>(12,698)</u>	<u>(130,721)</u>
<b>Shares outstanding at 31 December 2019</b>	<b><u>337,965</u></b>	<b><u>-</u></b>	<b><u>337,965</u></b>
<b>Net asset value per redeemable participating share at 31 December 2019</b>	<b>€286.52</b>	<b>-</b>	

The data relating to the net asset value of redeemable participating shares of ECH and the number of shares in issue for the past three years is summarised below:

At 31 December	2020	2019	2018
Total NAV (€000)	-	96,835	123,147
Total shares Class B	-	337,965	455,424
Total shares Class Y	-	-	12,698
NAV per share Class B (€)	-	286.52	262.86
NAV per share Class Y (€)	-	-	270.46
Total income/(loss) (€000)	(2,483)	11,460	(6,639)
Total operating expenses (€000)	(285)	(1,893)	(2,774)
Total finance costs (€000)	(19)	(142)	(159)
Taxes (€000)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations (€000)</b>	<b><u>(2,787)</u></b>	<b><u>9,425</u></b>	<b><u>(9,572)</u></b>

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the shares, the Company had designated Munnik Opties & Futures bv and Edmond de Rothschild (Suisse) SA to act as agents of the Company to make a market in shares. The Company had agreed, subject to certain limitations, to repurchase shares from the agents at a fixed discount, including a fixed commission of 0.5%. The agreements with both Agents of the Company were terminated effective 28 February 2020.

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## 6. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at	31/12/20 €000	31/12/19 €000
Payable to the Administrator	-	(22)
Other Administrator fees	-	(13)
Other accounts payable	-	(36)
<b>Total</b>	<b>-</b>	<b>(71)</b>

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

For the year ended 31 December	2020 €000	2019 €000
Realised gain on financial assets and liabilities at fair value through profit or loss	14,527	5,237
Realised loss on financial assets and liabilities at fair value through profit or loss	(1,126)	(8,463)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>13,401</b>	<b>(3,226)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	1,420	21,697
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(17,380)	(7,400)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(15,960)</b>	<b>14,297</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(2,559)</b>	<b>11,071</b>

## 8. ADVISORY AND PERFORMANCE FEES

For the year ended 31 December	2020 €000	2019 €000
Advisory fees	(225)	(1,590)
<b>Total</b>	<b>(225)</b>	<b>(1,590)</b>

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

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

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9. 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.

10. OTHER OPERATING EXPENSES

For the year ended 31 December	2020 €000	2019 €000
Directors fees	(5)	(33)
Depositary fees	(4)	(28)
Other Administrator fees	(4)	(17)
Other professional fees	(6)	(56)
Legal fees	-	(20)
Paying agent and related fees	(21)	(6)
Professional liability insurance	(4)	(6)
Regulatory fees	(1)	(3)
Miscellaneous expenses	(4)	(4)
<b>Total</b>	<b>(49)</b>	<b>(173)</b>

11. ONGOING CHARGES

The ongoing charges and performance fees of ECH have been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Ongoing charges	0.32	1.79
Performance fees	-	-
<b>Total</b>	<b>0.32</b>	<b>1.79</b>

The ongoing charges, as defined in EU Commission regulation 583-2010 and document 10-674 of the Committee of European Securities Regulators, represent the total costs of ECH in the reporting period, expressed as a percentage of the average daily net asset value. Furthermore, any performance fees charged by the Investment Advisor are shown separately.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These additional fees, if included in the numbers stated above, and calculated based on a best estimation would increase the ongoing charges to 0.39% (2019: 2.81%) and the performance fees to 0.00% (2019: 2.11%) based on the net performance of ECH for the year.

In addition to investment management fees and performance fees, underlying investment companies might incur operational expenses that are included in the net asset value of these companies and are not charged separately. Since these operating expenses are typically not disclosed in the prospectus of these companies they are difficult to estimate by ECH and are not included in the numbers stated above.

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#### 12. COMPARISON COSTS ACCORDING TO PROSPECTUS AND ACTUAL COSTS

The basis on which various costs are charged to ECH are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to include a comparison between those costs disclosed in the prospectus and the actual costs.

For the year ended 31 December	Actual 2020 €000	According to prospectus <sup>1</sup> €000	Difference €000
Advisory fees	(225)	(225)	-
Performance fees	-	-	-
Administration fees	(9)	(9)	-
Depositary fees	(4)	(4)	-
Directors fees	(5)	(5)	-
Paying agent and related fees	(21)	(21)	-
Commitment fee relating to short term borrowings	(10)	(10)	-
Interest expense short term borrowings	-	-	-

For the year ended 31 December	Actual 2019 €000	According to prospectus <sup>1</sup> €000	Difference €000
Advisory fees	(1,590)	(1,590)	-
Performance fees	-	-	-
Administration fees	(79)	(79)	-
Depositary fees	(28)	(28)	-
Directors fees	(33)	(33)	-
Paying agent and related fees	(6)	(6)	-
Commitment fee relating to short term borrowings	(88)	(88)	-
Interest expense short term borrowings	(18)	(18)	-

<sup>1</sup> The amounts shown are calculated by using the percentages stated in the prospectus (if applicable).

#### 13. PORTFOLIO TURNOVER RATE

The portfolio turnover rate of ECH has been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Portfolio turnover rate	<u>11.2</u>	<u>(2.3)</u>

The portfolio turnover rate reflects the sum of the total gross amount of purchases and sales of investments of ECH in the reporting period, minus the sum of the total amount of subscriptions and redemptions of redeemable participating shares, expressed as a percentage of the average daily net assets.

#### 14. RELATED PARTY TRANSACTIONS

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

Transactions with related parties are done on terms that are considered to be in conformity with market rates.

Please refer to note 2.12 of the Company and note 8 and 10 above for further information about transactions that took place with related and affiliated parties, including the total amount of such transactions, any outstanding balances as at the end of the reporting period and the total amount of expenses incurred by ECH relating to these transactions.

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ECH merged its operations with LCH with effect from 1 March 2020 and all shares were exchanged with LCH shares.

The total personal interest of the members of the Board of Directors of the Company, the Board of Directors of LCH Investments NV and the Company Secretary in redeemable participating shares of ECH during the year ended 31 December 2020 was:

31 December	Position at 2019	Purchases/ (Sales)	Position at 2020
Shares of ECH	367	(367)	-

#### 15. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used: €1.00 = US\$1.2215 (2019: US\$1.1224).

#### 16. FINANCIAL RISK FACTORS

ECH's investment activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. ECH is exposed to market risk, liquidity risk, counterparty risk and other risks (risk of using derivatives). The risk management policies employed by ECH to manage these risks are discussed below.

##### 16.1 Market risk

###### (a) Price risk

ECH invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Board of Directors manages this risk by monitoring the performance of each underlying investment closely on a weekly and monthly basis.

ECH is exposed to transferable securities price risk and derivative price risk. This arises from investments held by ECH for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than euro, the price initially expressed in foreign currency and then converted into euro will also fluctuate because of changes in foreign exchange rates.

ECH has also performed a sensitivity analysis. The relationship between movements in the FTSE Eurofirst 300 Index and the NAV of ECH is uncertain and subject to change at any time and should not be relied upon in assessing likely future relationships. Notwithstanding this, as required by IFRS, the following details ECH's estimated sensitivity to a 5% general increase and decrease in the FTSE Eurofirst 300 Index.

As at 31 December 2020 price risk does not present a significant risk.

As at 31 December 2019, if the FTSE Eurofirst 300 Index had increased or decreased by an additional 5% during 2019, with all other variables held constant and based on the actual change during 2019 of the net asset value and the FTSE Eurofirst 300 Index, the increase or decrease in net assets attributable to holders of redeemable shares for the year might have amounted to 0.26%.

###### (b) Foreign exchange risk

ECH operates internationally and holds both monetary and non-monetary assets denominated in currencies other than euro, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Portfolios, through the underlying investments, will be primarily invested in Euro-denominated investments and their assets are valued in Euro. ECH (with respect to each of the Portfolios), through the underlying investments, may also invest a portion of its assets in equity securities and other investments denominated in currencies other than the Euro and in other financial instruments, the prices of which are determined with reference to currencies other than the Euro. To the extent un-hedged, the value of ECH's non-Euro denominated assets will fluctuate with Euro exchange rates as well as with price changes of ECH's investments in the various local markets and currencies. Thus, an increase in the value of the Euro compared to the other currencies in which the underlying investment may make its investments will reduce the effect of increases and magnify the Euro equivalent of the effect of decreases in the prices of ECH's securities



and other investments in their local markets. Conversely, a decrease in the value of the Euro will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a Fund's non-Euro securities or other investments. The portfolio managers of the underlying investments may use spot currency transactions, forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

ECH 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. The related hedging costs and the gains or losses attributable to the hedging transactions will be credited or charged to the class of shares on behalf of which such transactions were effected. There can be no assurance that such hedging transactions will be effective. Although ECH may hedge against currency fluctuations of Class B shares, currently ECH anticipates that it will not seek to hedge against currency fluctuations for any of the current share classes.

The carrying amount of ECH's direct foreign currency denominated financial assets and financial liabilities at the reporting date is detailed in note 3.

As at 31 December 2020 and 31 December 2019, foreign exchange risk does not present a significant risk.

**(c) Cash flow and fair value interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Board of Directors manages this risk by monitoring fluctuations in the market interest rates on a monthly basis.

As at 31 December 2020 and 31 December 2019, cash flow and fair value interest rate risk do not present a significant risk.

**16.2 Liquidity risk**

Liquidity risk is the risk that ECH may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. ECH is exposed to monthly cash redemptions of redeemable shares and has a 45 calendar days notice period for redemption requests. ECH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the investment vehicles and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

The success of ECH's investment program depends to a great extent upon the ability of the portfolio managers of the underlying investments to assess correctly the future course of price movements of stocks, bonds, commodities and currencies. There can be no assurance that the portfolio managers will accurately predict such movements. In addition, certain of the investments in which a substantial portion of each Portfolio's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the portfolio manager to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, the NAV of a class of shares may fluctuate widely from one period to the next. The risk of illiquidity is also increased by the prevalence of requirements by portfolio advisers with whom ECH wishes to invest that ECH agree to minimum holding periods and redemption periods in underlying investments that are generally longer than ECH's own redemption period.

ECH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the underlying investments and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

As a result of disrupted market conditions such as a rapid and catastrophic price movements in markets in which ECH invests, determination of the NAV of each class of shares, the right to redeem shares or the market maker facility could be suspended or restricted resulting in illiquidity of the shares during such suspension.

As at 31 December 2020, liquidity risk does not present a significant risk.

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The following table details the ordinary redemption periods of the underlying investment companies in which ECH has invested as well as any other financial assets through profit or loss as at 31 December 2019.

Redemption period	≤3 months €000	3-12 months €000	>1 year <sup>1</sup> €000	Total €000
<b>Notice period:</b>				
Cash and other assets	11,309	-	-	11,309
30 days or less	64,377	-	-	64,377
45 days	5,221	-	-	5,221
60 days	16,862	-	-	16,862
90 days	-	-	-	-
More than 90 days	-	-	-	-
<b>Total assets</b>	<b><u>97,769</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>97,769</u></b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

The table above shows by when investments could be normally redeemed even if subject to an early redemption fee, and not taking into account initial lock-ups.

The following table details ECH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2019 and shows when the liabilities become due.

	Less than 1 month €000	1 - 3 months €000	>3 months €000
Shareholder redemptions payable	(492)	-	-
Advisory and performance fees payable	(371)	-	-
Other accounts payable and accrued expenses	(71)	-	-
Net assets attributable to holders of redeemable participating shares	-	(96,835)	-
<b>Total</b>	<b><u>(934)</u></b>	<b><u>(96,835)</u></b>	<b><u>-</u></b>

### 16.3 Counterparty creditworthiness

ECH is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

To the extent that ECH engages, directly or through the underlying investments, in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions and bonds and other fixed income securities and/or to the extent that ECH makes use of the services of a counterparty for the custody of its assets, ECH must rely on the creditworthiness of its counterparty. Insolvency of, gross negligence, wilful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

ECH manages this risk by evaluating the creditworthiness of its direct counterparties. ECH's indirect exposure to counterparty risk through its investments in underlying investments is monitored by management as part of its due diligence process.

In the following table the Depositary and custodians appointed by ECH are listed together with the most relevant credit ratings for those firms as well as the financial assets and liabilities through profit or loss held at the Depositary and custodians and the outstanding cash balances, if any, as at the end of the reporting period.

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Financial assets and liabilities through profit or loss:

At 31 December	Moody's	S&P	2020 €000	2019 €000
Citco Bank Nederland NV, Dublin Branch	NR	NR	-	86,460
<b>Total</b>			<u>-</u>	<u>86,460</u>

Net cash balances:

At 31 December	2020 €000	2019 €000
Citco Bank Nederland NV, Dublin Branch	-	7,344
<b>Total</b>	<u>-</u>	<u>7,344</u>

#### 16.4 Other risks

##### Use of derivatives

Derivatives refer to financial instruments which derive their performance at least in part from the performance of an underlying asset, index or interest rate. Financial instruments such as futures, forward contracts and other derivatives may be used by the underlying investment portfolio managers both for speculative purposes and for hedging other investments. ECH does not control or monitor on a regular basis the investments of the portfolio managers. ECH may have a significant exposure to derivatives risks. However, as a two-tier company, its liability is limited by investing, as it does, through multiple separate legal entities. If the derivative exposure in ECH became material, that would subject the investors to a higher risk of loss and volatility and would make the pricing of the assets more difficult because, among other things, of the leveraged effect of such investments, the added credit risk of issuing counterparties, and the potential for illiquidity in certain circumstances. ECH does not have a percentage limitation on hedging of its Portfolio.

Hedging against a decline in the value of a portfolio investment does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. The portfolio managers of the underlying investments may utilise hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

It is the policy of ECH to transact the majority of its direct investments in securities and contractual commitment activity with broker-dealers and banks that management considers to be well established/first rated.

##### Share class and currency risk

ECH constitutes a single legal entity, but the assets of the Class B Portfolio will be invested for the benefit of the Class B Shareholders and the assets of the Class Y Portfolio will be invested for the benefit of the Class Y Shareholders. However, while liabilities attributed to a class of shares (including any borrowings relating specifically to a Portfolio) will only be allocated to that class, a creditor of ECH will generally not be bound to satisfy its claims from a particular class. Rather, such creditor could seek, to the extent the liabilities exceeded the assets of the class to which the liabilities are associated, to satisfy its claim from ECH's assets as a whole. Thus, if a creditor's claim relating to a particular class of shares exceeds the assets attributable to that class of shares, the remaining assets of ECH (the other class of shares) may be subject to such claim.

Subscription and redemption activity of shares in any class may have negative or positive cash flow implications for ECH.

#### 17. COMPARATIVE FIGURES

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

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18. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

As the sub-fund has been terminated there are no significant events after the end of the financial year.



## 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.

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 LCH optimally in changing markets.

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

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

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

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

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

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

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

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

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

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

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

† Inception at 30 November 1969

†† Split of 10 for 1 on 17 February 1993

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

	LCH		S&P 500		S&P 500 <sup>2</sup>	
	NAV per share US\$	Performance <sup>3</sup> %	Index US\$	Performance %	Index US\$	Performance %
2016	281.51	-5	2,238.83	+10	6,048.70	+11
2017	303.26	+8	2,673.61	+19	7,323.89	+21
2018	264.09	-13	2,506.78	-6	6,961.66	-5
2019	290.49	+10	3,230.78	+29	9,097.25	+31
2020	338.11	+16	3,756.07	+16	10,711.77	+18

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

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

† Inception at 30 November 1969

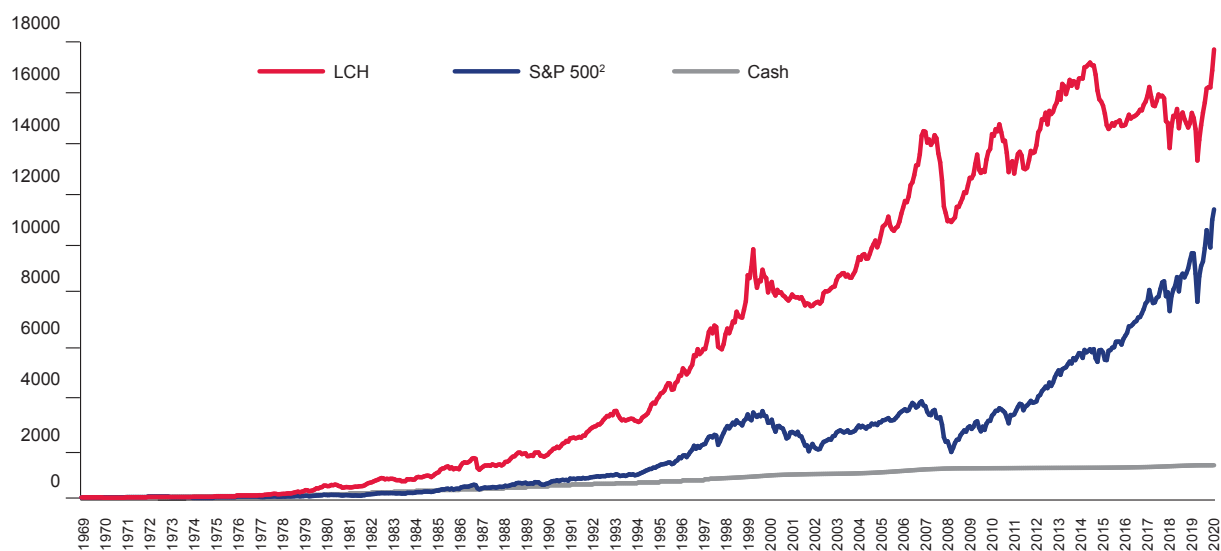
†† Split of 10 for 1 on 17 February 1993

	LCH %	S&P500 <sup>2</sup> %	Cash <sup>3</sup> %
1 year p.a.	16.4	17.7	0.6
3 years p.a.	3.7	13.5	1.8
5 years p.a.	2.7	14.5	1.5
Since Inception p.a.	10.7	9.7	5.2
Value of US\$100 since inception	US\$17,702	US\$11,419	US\$1,365

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

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

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



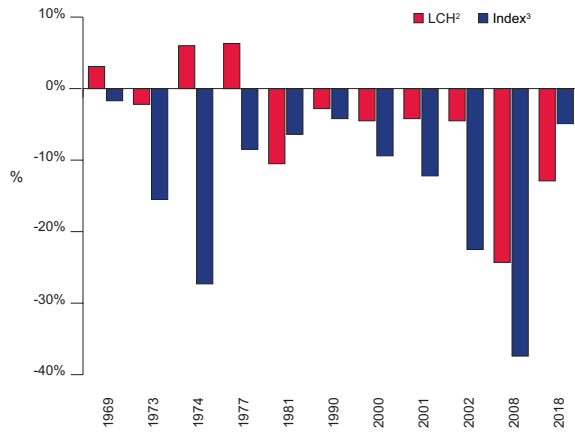
<sup>2</sup> S&P 500 (70% dividends reinvested)

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

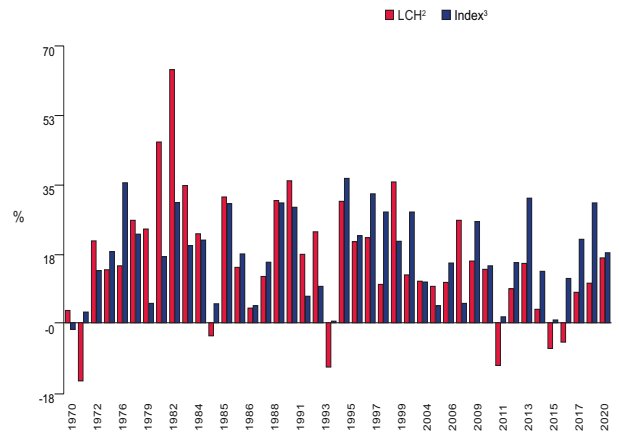


LEVERAGED CAPITAL HOLDINGS  
PERFORMANCE SINCE INCEPTION<sup>1</sup>

LCH Performance in Down Markets



LCH Performance in Up Markets



<sup>2</sup> Performance shown for LCH Class A USD, net of fees. Monthly data for LCH only available from 1 Jan 1978.  
<sup>3</sup> S&P 500 Index with 70% dividends reinvested.

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

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

As at	Notes	31/12/20 US\$000	31/12/19 US\$000
<b>Assets</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	2, 4	231,692	156,080
Due from investment companies and brokers	2	8,199	13,358
Shareholder subscriptions receivable		180	-
Other accounts receivable	2	872	261
Cash and cash equivalents	2, 3	7,374	8,195
<b>Total assets</b>		<b><u>248,317</u></b>	<b><u>177,894</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings	2, 3	(29)	(19)
Advisory and performance fees payable	6	(891)	(663)
Other accounts payable and accrued expenses	2, 7	(194)	(133)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(1,114)</u>	<u>(815)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>	<b>2, 5</b>	<b><u>247,203</u></b>	<b><u>177,079</u></b>
<b>Net asset value per Class A redeemable participating share</b>		<b>US\$338.11</b>	<b>US\$290.49</b>
<b>Net asset value per Class B redeemable participating share</b>		<b>€225.98</b>	<b>€195.75</b>

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss			
- Realised gains/(losses)	8	19,201	(4,586)
- Change in unrealised gains/(losses)	8	41,546	27,592
Interest income	2	5	76
Fee rebate	15	1,678	899
Surplus on repurchase of own shares	5	140	380
Other income		114	96
<b>Total income /(loss)</b>		<b>62,684</b>	<b>24,457</b>
<b>Operating expenses</b>			
Advisory and performance fees	9	(4,088)	(3,227)
Administration fees	10	(125)	(116)
Audit fees		(145)	(82)
Other operating expenses	11	(602)	(356)
<b>Total operating expenses</b>		<b>(4,960)</b>	<b>(3,781)</b>
<b>Operating profit/(loss)</b>		<b>57,724</b>	<b>20,676</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(229)	(257)
Interest expense short term borrowings	2, 3	(50)	(85)
Interest expense	2	(31)	(15)
<b>Total finance costs</b>		<b>(310)</b>	<b>(357)</b>
<b>Profit/(loss) before taxation</b>		<b>57,414</b>	<b>20,319</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>57,414</b>	<b>20,319</b>

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

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

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>177,079</b>	<b>249,520</b>
Increase from transfer of European Capital Holdings	5	90,540	-
Increase from transfer of Trading Capital Holdings	5	38,099	-
Increase from redeemable participating shares issued	5	226	4
Decrease due to redeemable participating shares repurchased	5	<u>(116,155)</u>	<u>(92,764)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>12,710</b>	<b>(92,760)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>57,414</u>	<u>20,319</u>
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>		<b><u>247,203</u></b>	<b><u>177,079</u></b>

LEVERAGED CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 US\$000	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		57,414	20,319
<b>Adjustments for:</b>			
Interest income		(5)	(76)
Surplus on repurchase of own shares		(140)	(380)
Other income		(114)	(96)
Finance costs		310	357
Foreign exchange (gains)/losses on cash and cash equivalents		(288)	(29)
<b>Net changes in:</b>			
Due from investment companies and brokers		5,159	9,924
Other accounts receivable		(611)	(119)
Advisory and performance fees payable		228	335
Other accounts payable and accrued expenses		61	37
Financial assets at fair value through profit or loss		(75,324)	65,301
Financial liabilities at fair value through profit or loss		-	(411)
Interest income received		5	76
Surplus on repurchase of own shares received		140	380
Other income received		114	96
Finance costs paid		(310)	(357)
<b>Net cash from operating activities</b>		<b>(13,361)</b>	<b>95,357</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		10	19
Proceeds from redeemable participating shares issued		128,685	4
Paid on redeemable participating shares repurchased		(116,155)	(92,968)
<b>Net cash from financing activities</b>		<b>12,540</b>	<b>(92,945)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(821)</b>	<b>2,412</b>
Cash and cash equivalents at 1 January		8,195	5,783
<b>Cash and cash equivalents at 31 December</b>	<b>2, 3</b>	<b>7,374</b>	<b>8,195</b>

**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	31/12/20 US\$000	31/12/19 US\$000
Cash at bank:		
Cash US\$	7,373	8,194
Cash €	<u>1</u>	<u>1</u>
<b>Total cash and cash equivalents</b>	<b><u>7,374</u></b>	<b><u>8,195</u></b>

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

During the reporting period, LCH maintained a line of credit with Amatheia Lending Designated Activity Company, on which LCH paid an interest rate of 1.45% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period, the committed line of credit amounted to US\$47.5 million (31 December 2019: US\$35 million).

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

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

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

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

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

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

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

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

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

LEVERAGED CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2020:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Investment companies:</b>				
Equity Long Biased	-	184,214	9,721	193,935
Equity Opportunistic	-	-	691	691
Event Driven	-	11,686	-	11,686
Macro and Other	-	22,464	242	22,706
<b>Total investment companies</b>	<b>-</b>	<b>218,364</b>	<b>10,654</b>	<b>229,018</b>
Forward FX contracts	-	2,674	-	2,674
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>221,038</b>	<b>10,654</b>	<b>231,692</b>

As at 31 December 2020, the Board of Directors made fair value adjustments, as noted in note 2.4 on page 37 and are shown in the Level 3 investments in the table above. Fair value adjustments of US\$3.2 million (2019: US\$2.6 million), representing 1.28% (2019: 1.47%) of the net asset value at year-end, were applied to the Level 3 investments. The Level 3 investments fair value are shown net of the fair value adjustments in the table above. The fair value adjustments made by the Board of Directors ranged from 6.73% to 100% of the reported value of the underlying investment companies (2019: 6.68% to 50%). A 10% change in this range would have an impact of plus or minus US\$315,000 (2019: US\$260,000). 10% is deemed to be a reasonable shift.

The following table presents the movement of Level 3 investments for the year ended 31 December 2020 by category of investment:

	Equity Long Biased US\$000	Equity Long Only US\$000	Equity Opportunistic US\$000	Macro and Other US\$000	Total US\$000
Opening balance	17,481	-	942	-	18,423
Purchases	2,085	840	163	3,824	6,912
Sales	(14,183)	-	-	(3,515)	(17,698)
Transfers into/(out of) Level 3	256	-	-	-	256
Gains/(losses) recognised	4,082	(840)	(414)	(67)	2,761
<b>Closing balance</b>	<b>9,721</b>	<b>-</b>	<b>691</b>	<b>242</b>	<b>10,654</b>

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2020, transfers to Level 3 was the result of investment positions becoming subject to liquidity restrictions.

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 31 December 2019:

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

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

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

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

The following table analyses within the fair value hierarchy LCH's assets and liabilities (by class) not measured at fair value at 31 December 2020 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
<b>Assets</b>				
Due from investment companies and brokers	-	8,199	-	8,199
Shareholder subscriptions receivable	-	180	-	180
Other accounts receivable	-	872	-	872
Cash and cash equivalents	7,374	-	-	7,374
<b>Total</b>	<b>7,374</b>	<b>9,251</b>	<b>-</b>	<b>16,625</b>
<b>Liabilities</b>				
Short term borrowings	(29)	-	-	(29)
Advisory and performance fees payable	-	(891)	-	(891)
Other accounts payable and accrued expenses	-	(194)	-	(194)
<b>Total</b>	<b>(29)</b>	<b>(1,085)</b>	<b>-</b>	<b>(1,114)</b>



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

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

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

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

A condensed schedule of investments of LCH as at 31 December 2020 was:

	31/12/20 US\$000	% of NAV
Discovery Capital Holdings	66,669	27.0
Pershing Square International Ltd	15,921	6.4
Crake Global Feeder Fund ICAV	14,551	5.9
Hitchwood Capital Fund Ltd	12,909	5.2
Other investments	121,642	49.2
<b>Total financial assets at fair value through profit or loss</b>	<b>231,692</b>	

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

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

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

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

LEVERAGED CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

Included under financial assets at fair value through profit or loss at 31 December 2020 are the following forward foreign exchange contracts that were outstanding with Citco Bank Nederland NV, Dublin Branch, an affiliate of the Administrator:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	84,450	(100,510)	11/01/2021	<u>2,674</u>
<b>Total</b>				<b><u>2,674</u></b>

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

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

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the year ended 31 December 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	140,889	36,190	177,079
Increase from transfer of European Capital Holdings	34,547	55,993	90,540
Increase from transfer of Trading Capital Holdings	28,483	9,616	38,099
Subscriptions	226	-	226
Redemptions	(90,419)	(25,736)	(116,155)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>28,790</u>	<u>28,624</u>	<u>57,414</u>
<b>Redeemable participating shares at 31 December 2020 - US\$</b>	<b>142,516</b>	<b>104,687</b>	<b>247,203</b>
<b>Redeemable participating shares at 31 December 2020 - €</b>	<b>-</b>	<b>85,703</b>	<b>-</b>

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Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	485,007	164,894	649,901
Increase from transfer of European Capital Holdings	124,085	271,655	395,740
Increase from transfer of Trading Capital Holdings	111,827	50,991	162,818
Subscriptions	707	-	707
Redemptions	(300,117)	(108,292)	(408,409)
<b>Shares outstanding at 31 December 2020</b>	<b>421,509</b>	<b>379,248</b>	<b>800,757</b>
<b>Net asset value per redeemable participating share at 31 December 2020</b>	<b>US\$338.11</b>	<b>€225.98</b>	

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the year ended 31 December 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	4	-	-	4
Redemptions	(79,961)	(9,966)	(2,837)	(92,764)
Net increase/(decrease) in redeemable participating shares resulting from operations	18,365	1,705	249	20,319
<b>Redeemable participating shares at 31 December 2019 - US\$</b>	<b>140,889</b>	<b>36,190</b>	<b>-</b>	<b>177,079</b>
<b>Redeemable participating shares at 31 December 2019 - €</b>	<b>-</b>	<b>32,278</b>	<b>-</b>	<b>-</b>
Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2019	766,711	211,560	9,728	987,999
Subscriptions	15	-	-	15
Redemptions	(281,719)	(46,666)	(9,728)	(338,113)
<b>Shares outstanding at 31 December 2019</b>	<b>485,007</b>	<b>164,894</b>	<b>-</b>	<b>649,901</b>
<b>Net asset value per redeemable participating share at 31 December 2019</b>	<b>US\$290.49</b>	<b>€195.75</b>	<b>-</b>	

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The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue for the past three years is summarised below:

At 31 December	2020	2019	2018
Total NAV (US\$000)	247,203	177,079	249,520
Total shares Class A	421,509	485,007	766,711
Total shares Class B	379,248	164,894	211,560
Total shares Class X	-	-	9,728
NAV per share Class A (US\$)	338.11	290.49	264.09
NAV per share Class B (€)	225.98	195.75	183.37
NAV per share Class X (US\$)	-	-	266.04
Total income/(loss) (US\$000)	62,684	24,457	(36,219)
Total operating expenses (US\$000)	(4,960)	(3,781)	(5,862)
Total finance costs (US\$000)	(310)	(357)	(300)
Taxes (US\$000)	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations (US\$000)</b>	<b><u>57,414</u></b>	<b><u>20,319</u></b>	<b><u>(42,381)</u></b>

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the shares, the Company had designated Munnik Opties & Futures bv and Edmond de Rothschild (Suisse) SA to act as agents of the Company to make a market in shares. The Company had agreed, subject to certain limitations, to repurchase shares from the agents at a fixed discount, including a fixed commission of 0.5%. The agreements with both Agents of the Company were terminated effective 4 January 2021.

6. ADVISORY AND PERFORMANCE FEES PAYABLE

As at	31/12/20 US\$000	31/12/19 US\$000
Advisory fees	(609)	(663)
Performance fees	(282)	-
<b>Total</b>	<b><u>(891)</u></b>	<b><u>(663)</u></b>

7. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at	31/12/20 US\$000	31/12/19 US\$000
Payable to the Administrator	(14)	(31)
Audit fees payable	(85)	(57)
Depositary fees payable	(10)	-
Other Administrator fees	(64)	(20)
Other accounts payable	(21)	(25)
<b>Total</b>	<b><u>(194)</u></b>	<b><u>(133)</u></b>

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

For the year ended 31 December	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	31,958	9,745
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(12,757)</u>	<u>(14,331)</u>
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>19,201</b>	<b>(4,586)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	51,616	33,893
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(10,070)</u>	<u>(6,301)</u>
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>41,546</b>	<b>27,592</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>60,747</b>	<b>23,006</b>

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

9. ADVISORY AND PERFORMANCE FEES

For the year ended 31 December	2020 US\$000	2019 US\$000
Advisory fees	(3,806)	(3,227)
Performance fees	<u>(282)</u>	<u>-</u>
<b>Total</b>	<b>(4,088)</b>	<b>(3,227)</b>

LCH Investments NV is entitled to an amount in cash of 1.5% per annum of the net asset value of Class A shares and Class B shares 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 3% of the net realised and unrealised appreciation in the NAV of Class A shares and Class B shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision. This means that no performance fee is accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

10. ADMINISTRATION FEES

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

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

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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.

11. OTHER OPERATING EXPENSES

For the year ended 31 December	2020 US\$000	2019 US\$000
Directors fees	(103)	(66)
Depository fees	(77)	(51)
Other Administrator fees	(53)	(20)
Other professional fees	(138)	(115)
Legal fees	(40)	(43)
Paying agent and related fees	(43)	(14)
Professional liability insurance	(71)	(12)
Regulatory fees	(13)	(7)
Miscellaneous expenses	(64)	(28)
<b>Total</b>	<b>(602)</b>	<b>(356)</b>

12. ONGOING CHARGES

The ongoing charges and performance fees of LCH have been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Ongoing charges	1.92	1.80
Performance fees	0.11	-
<b>Total</b>	<b>2.03</b>	<b>1.80</b>

The ongoing charges, as defined in EU Commission regulation 583-2010 and document 10-674 of the Committee of European Securities Regulators, represent the total costs of LCH in the reporting period, expressed as a percentage of the average daily net asset value. Furthermore, any performance fees charged by the Investment Advisor are shown separately.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These additional fees, if included in the numbers stated above, and calculated based on a best estimation would increase the ongoing charges to 2.73% (2019: 2.80%) and the performance fees to 3.53% (2019: 1.29%) based on the net performance of LCH for the year.

In addition to investment management fees and performance fees, underlying investment companies might incur operational expenses that are included in the net asset value of these companies and are not charged separately. Since these operating expenses are typically not disclosed in the prospectus of these companies they are difficult to estimate by LCH and are not included in the numbers stated above.

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### 13. COMPARISON COSTS ACCORDING TO PROSPECTUS AND ACTUAL COSTS

The basis on which various costs are charged to TCH are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to include a comparison between those costs disclosed in the prospectus and the actual costs.

For the year ended 31 December	Actual 2020 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(3,806)	(3,806)	-
Performance fees	(282)	(282)	-
Administration fees	(125)	(125)	-
Depositary fees	(77)	(77)	-
Directors fees	(103)	(103)	-
Paying agent and related fees	(43)	(43)	-
Commitment fee relating to short term borrowings	(229)	(229)	-
Interest expense short term borrowings	(50)	(50)	-

For the year ended 31 December	Actual 2019 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(3,227)	(3,227)	-
Performance fees	-	-	-
Administration fees	(116)	(116)	-
Depositary fees	(51)	(51)	-
Directors fees	(66)	(66)	-
Paying agent and related fees	(14)	(14)	-
Commitment fee relating to short term borrowings	(257)	(257)	-
Interest expense short term borrowings	(85)	(85)	-

<sup>1</sup> The amounts shown are calculated by using the percentages stated in the prospectus (if applicable).

### 14. PORTFOLIO TURNOVER RATE

The gross portfolio turnover rate of LCH has been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Portfolio turnover rate	<u>3.6</u>	<u>1.0</u>

The portfolio turnover rate reflects the sum of the total gross amount of purchases and sales of investments of LCH in the reporting period, minus the sum of the total amount of subscriptions and redemptions of redeemable participating shares, expressed as a percentage of the average daily net assets.

### 15. RELATED PARTY TRANSACTIONS

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

Additionally, transactions with DCH and TCH could be considered related party transactions, since DCH, LCH and TCH have the same Board of Directors. Transactions with related parties are done on terms that are considered to be in conformity with market rates.

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Please refer to note 2.12 of the Company and note 4, 9 and 11 above for further information about transactions that took place with related and affiliated parties, including the total amount of such transactions, any outstanding balances as at the end of the reporting period and the total amount of expenses incurred by LCH relating to these transactions.

ECH merged its operations with LCH with effect from 1 March 2020 and TCH merged its operations with LCH with effect from 1 April 2020. ECH and TCH shareholders received LCH shares in exchange for their ECH and TCH shares.

LCH shares some of the same sponsoring institutions and has the same Board of Directors as TCH and DCH. In order to avoid double charging to LCH shareholders, the Investment Advisor of TCH and DCH rebates the full amount of advisory fees and incentive fees charged to TCH and DCH based on LCH's proportionate holding in TCH and DCH. The rebate amount is shown in the statement of comprehensive income under fee rebate.

The total personal interest of the members of the Board of Directors of the Company, the Board of Directors of LCH Investments NV and the Company Secretary in redeemable participating shares of LCH during the year ended 31 December 2020 was:

31 December	Position at 2019	Purchases/ (Sales)	Position at 2020
Shares of LCH	85,112	376	85,488

#### 16. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used: €1.00 = US\$1.2215 (2019: US\$1.1212).

#### 17. FINANCIAL RISK FACTORS

LCH's investment activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. LCH is exposed to market risk, liquidity risk, counterparty risk and other risks (risk of using derivatives). The risk management policies employed by LCH to manage these risks are discussed below.

##### 17.1 Market risk

###### (a) Price risk

LCH invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Board of Directors manages this risk by monitoring the performance of each underlying investment closely on a weekly and monthly basis.

LCH is exposed to transferable securities price risk and derivative price risk. This arises from investments held by LCH for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than USD, the price initially expressed in foreign currency and then converted into USD will also fluctuate because of changes in foreign exchange rates.

LCH has also performed a sensitivity analysis. The relationship between movements in the S&P500 Index and the NAV of LCH is uncertain and subject to change at any time and should not be relied upon in assessing likely future relationships. Notwithstanding this, as required by IFRS, the following details LCH's estimated sensitivity to a 5% general increase and decrease in the S&P500 index.

As at 31 December 2020, if the S&P500 Index had increased or decreased by an additional 5% during 2020, with all other variables held constant and based on the actual change during 2020 of the net asset value and the S&P500 Index, the increase or decrease in net assets attributable to holders of redeemable shares for the year might have amounted to 1.98% (2019: 3.42%).

###### (b) Foreign exchange risk

LCH operates internationally and holds both monetary and non-monetary assets denominated in currencies other than USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.



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The Portfolios, through the underlying investments, will be primarily invested in US dollar-denominated investments and their assets are valued in US dollars. LCH (with respect to each of the Portfolios), through the underlying investments, may also invest a portion of its assets in equity securities and other investments denominated in currencies other than the US dollar, including the Euro, and in other financial instruments, the prices of which are determined with reference to currencies other than the US dollar. To the extent un-hedged, the value of LCH's non-dollar denominated assets will fluctuate with US dollar exchange rates as well as with price changes of LCH's investments in the various local markets and currencies. Thus, an increase in the value of the US dollar (or, for Class B shareholders, the Euro) compared to the other currencies in which the underlying investment may make its investments will reduce the effect of increases and magnify the US dollar (or Euro) equivalent of the effect of decreases in the prices of LCH's securities and other investments in their local markets. Conversely, a decrease in the value of the US dollar (or Euro) will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a Fund's non-US dollar (or non-Euro) securities or other investments. The portfolio managers of the underlying investments may use spot currency transactions, forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

LCH 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. The related hedging costs and the gains or losses attributable to the hedging transactions will be credited or charged to the class of shares on behalf of which such transactions were effected. There can be no assurance that such hedging transactions will be effective. Although LCH may hedge against currency fluctuations of either the Class A shares or the Class B shares, currently LCH anticipates that it will seek to hedge against currency fluctuations solely with respect to the Class B shares.

The carrying amount of LCH's direct foreign currency denominated financial assets and financial liabilities at the reporting date is detailed in notes 3 and 4.

As at 31 December 2020 and 31 December 2020, foreign exchange risk does not present a significant risk.

**(c) Cash flow and fair value interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board of Directors manages this risk by monitoring fluctuations in the market interest rates on a monthly basis.

As at 31 December 2020 and 31 December 2020, cash flow and fair value interest rate risk do not present a significant risk.

**17.2 Liquidity risk**

Liquidity risk is the risk that LCH may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. LCH is exposed to quarterly cash redemptions of redeemable shares and has a 45 business days notice period for redemption requests. LCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the investment vehicles and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

The success of LCH's investment program depends to a great extent upon the ability of the portfolio managers of the underlying investments to assess correctly the future course of price movements of stocks, bonds, commodities and currencies. There can be no assurance that the portfolio managers will accurately predict such movements. In addition, certain of the investments in which a substantial portion of each Portfolio's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the portfolio manager to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, the NAV of a class of shares may fluctuate widely from one period to the next. The risk of illiquidity is also increased by the prevalence of requirements by portfolio advisers with whom LCH wishes to invest that LCH agree to minimum holding periods and redemption periods in underlying investments that are generally longer than LCH's own redemption period.

LCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the underlying investments and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

As a result of disrupted market conditions such as a rapid and catastrophic price movement in markets in which LCH invests, determination of the NAV of each class of shares, the right to redeem shares or the market maker facility could be suspended or restricted resulting in illiquidity of the shares during such suspension.

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The following table details the ordinary redemption periods of the investment companies in which LCH has invested as well as any other financial assets through profit or loss as at 31 December 2020.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	19,299	-	-	19,299
30 days or less	46,963	-	-	46,963
45 days	81,477	15,921	-	97,398
60 days	51,696	15,823	-	67,519
90 days	12,909	-	-	12,909
More than 90 days	-	-	4,229	4,229
<b>Total assets</b>	<b><u>212,344</u></b>	<b><u>31,744</u></b>	<b><u>4,229</u></b>	<b><u>248,317</u></b>

The following table details the ordinary redemption periods of the investment companies in which LCH has invested as well as any other financial assets through profit or loss as at 31 December 2019.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	21,849	-	-	21,849
30 days or less	10,130	-	-	10,130
45 days	61,135	13,490	-	74,625
60 days	19,399	27,466	-	46,865
90 days	21,889	-	-	21,889
More than 90 days	-	-	2,536	2,536
<b>Total assets</b>	<b><u>134,402</u></b>	<b><u>40,956</u></b>	<b><u>2,536</u></b>	<b><u>177,894</u></b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

The table above shows by when investments could be normally redeemed even if subject to an early redemption fee, and not taking into account initial lock-ups.

The following table details LCH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2020 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short term borrowings	(29)	-	-
Advisory and performance fees payable	(609)	-	(282)
Other accounts payable and accrued expenses	(194)	-	-
Net assets attributable to holders of redeemable participating shares	-	(247,203)	-
<b>Total</b>	<b><u>(832)</u></b>	<b><u>(247,203)</u></b>	<b><u>(282)</u></b>

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The following table details LCH's liquidity analysis for its financial liabilities based on contractual undiscounted cash flow as at 31 December 2019 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Short term borrowings	(19)	-	-
Advisory and performance fees payable	(663)	-	-
Other accounts payable and accrued expenses	(133)	-	-
Net assets attributable to holders of redeemable participating shares	-	(177,079)	-
<b>Total</b>	<b>(815)</b>	<b>(177,079)</b>	<b>-</b>

### 17.3 Counterparty creditworthiness

LCH is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

To the extent that LCH engages, directly or through the underlying investments, in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions and bonds and other fixed income securities and/or to the extent that LCH makes use of the services of a counterparty for the custody of its assets, LCH must rely on the creditworthiness of its counterparty. Insolvency of, gross negligence, wilful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

LCH manages this risk by evaluating the creditworthiness of its direct counterparties. LCH's indirect exposure to counterparty risk through its underlying investments is monitored by management as part of its due diligence process.

In the following table the Depositary and custodians appointed by LCH are listed together with the most relevant credit ratings for those firms as well as the financial assets and liabilities through profit or loss held at the Depositary and custodians and the outstanding cash balances, if any, as at the end of the reporting period.

Financial assets and liabilities through profit or loss:

At 31 December	Moody's	S&P	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	NR	NR	231,692	156,080
<b>Total</b>			<b>231,692</b>	<b>156,080</b>

Net cash balances:

At 31 December	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	7,374	8,195
<b>Total</b>	<b>7,374</b>	<b>8,195</b>

### 17.4 Other risks

#### Use of derivatives

Derivatives refer to financial instruments which derive their performance at least in part from the performance of an underlying asset, index or interest rate. Financial instruments such as futures, forward contracts and other derivatives may be used by the underlying investment portfolio managers both for speculative purposes and for hedging other investments. LCH does not control or monitor on a

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regular basis the investments of the portfolio managers. LCH may have a significant exposure to derivatives risks. However, as a two-tier company, its liability is limited by investing, as it does, through multiple separate legal entities. If the derivative exposure in LCH became material, that would subject the investors to a higher risk of loss and volatility and would make the pricing of the assets more difficult because, among other things, of the leveraged effect of such investments, the added credit risk of issuing counterparties, and the potential for illiquidity in certain circumstances. LCH does not have a percentage limitation on hedging for either of the Portfolios.

Hedging against a decline in the value of a portfolio investment does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. The portfolio managers of the underlying investments may utilise hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

It is the policy of LCH to transact the majority of its direct investments in securities and contractual commitment activity with broker-dealers and banks that management considers to be well established/first rated.

**Share class and currency risk**

LCH constitutes a single legal entity, but the assets of the Class A Portfolio will be invested for the benefit of the Class A Shareholders and the assets of the Class B Portfolio will be invested for the benefit of the Class B Shareholders. However, while liabilities attributed to a class of shares (including any borrowings relating specifically to a Portfolio) will only be allocated to that class, a creditor of LCH will generally not be bound to satisfy its claims from a particular class. Rather, such creditor could seek, to the extent the liabilities exceeded the assets of the class to which the liabilities are associated, to satisfy its claim from LCH's assets as a whole. Thus, if a creditor's claim relating to a particular class of shares exceeds the assets attributable to that class of shares, the remaining assets of LCH (the other class of shares) may be subject to such claim

Foreign exchange hedging activity in connection with the Class B Portfolio, as well as subscription and redemption activity of shares in any class may have negative or positive cash flow implications for LCH's underlying portfolio.

**18. COMPARATIVE FIGURES**

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

**19. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**

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



## TRADING CAPITAL HOLDINGS PROFILE

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

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

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 TCH optimally in changing markets.

TCH started operating on 30 June 2003 in Curaçao (as Trading Capital Holdings NV) and merged with a sub-fund of the Company on 1 January 2015. TCH merged its operations with LCH with effect from 1 April 2020 and Class A shareholders received 0.66110479 LCH Class A shares and Class B shareholders received 0.72904358 LCH Class B shares in exchange for their TCH shares.

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

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

\* Merger with LCH

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

TRADING CAPITAL HOLDINGS  
STATEMENT OF FINANCIAL POSITION

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

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



TRADING CAPITAL HOLDINGS  
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss			
- Realised gains/(losses)	7	(1,570)	(2,056)
- Change in unrealised gains/(losses)	7	(1,875)	2,527
Interest income	2	2	44
Surplus on repurchase of own shares	5	15	129
Other income		-	8
<b>Total income /(loss)</b>		<b>(3,428)</b>	<b>652</b>
<b>Operating expenses</b>			
Advisory and performance fees	8	(165)	(943)
Administration fees	9	(8)	(58)
Audit fees		(4)	(35)
Other operating expenses	10	(35)	(123)
<b>Total operating expenses</b>		<b>(212)</b>	<b>(1,159)</b>
<b>Operating profit/(loss)</b>		<b>(3,640)</b>	<b>(507)</b>
<b>Finance costs</b>			
Commitment fee relating to short term borrowings	3	(15)	(115)
Interest expense short term borrowings	2, 3	-	(15)
Interest expense	2	-	(9)
<b>Total finance costs</b>		<b>(15)</b>	<b>(139)</b>
<b>Profit/(loss) before taxation</b>		<b>(3,655)</b>	<b>(646)</b>
Taxation	2	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>(3,655)</b>	<b>(646)</b>

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

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

For the year ended 31 December	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Net assets attributable to holders of redeemable participating shares at 1 January</b>		<b>46,937</b>	<b>86,855</b>
Increase from redeemable participating shares issued	5	-	229
Decrease due to transfer to Leveraged Capital Holdings	5	(38,099)	-
Decrease due to redeemable participating shares repurchased	5	<u>(5,183)</u>	<u>(39,501)</u>
<b>Net increase/(decrease) from share transactions</b>		<b>(43,282)</b>	<b>(39,272)</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(3,655)</u>	<u>(646)</u>
<b>Net assets attributable to holders of redeemable participating shares at 31 December</b>		<u><u>-</u></u>	<u><u>46,937</u></u>

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

TRADING CAPITAL HOLDINGS  
STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 US\$000 <sup>1</sup>	2019 US\$000
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation		(3,655)	(646)
<b>Adjustments for:</b>			
Interest income		(2)	(44)
Surplus on repurchase of own shares		(15)	(129)
Other income		-	(8)
Finance costs		15	139
Foreign exchange (gains)/losses on cash and cash equivalents		9	(8)
<b>Net changes in:</b>			
Due from investment companies and brokers		43	8,372
Other accounts receivable		22	(20)
Advisory and performance fees payable		(179)	66
Other accounts payable and accrued expenses		(75)	4
Financial assets at fair value through profit or loss		40,315	31,467
Financial liabilities at fair value through profit or loss		(9)	(224)
Interest income received		2	44
Surplus on repurchase of own shares received		15	129
Other income received		-	8
Finance costs paid		(15)	(139)
<b>Net cash from operating activities</b>		<b>36,471</b>	<b>39,011</b>
<b>Cash flows from financing activities</b>			
Proceeds from redeemable participating shares issued		-	229
Paid on redeemable participating shares repurchased		(43,282)	(39,620)
<b>Net cash from financing activities</b>		<b>(43,282)</b>	<b>(39,391)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,811)</b>	<b>(380)</b>
Cash and cash equivalents at 1 January		6,811	7,191
<b>Cash and cash equivalents at 31 December</b>	<b>2, 3</b>	<b>-</b>	<b>6,811</b>

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

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

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

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

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The following table presents the movement of Level 3 investments for the year ended 31 December 2020 by category of investment:

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

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the reporting period. During the year ended 31 December 2020, there were no transfers between the different levels of the hierarchy.

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

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

As at 31 December 2019, the Board of Directors made fair value adjustments, as noted in note 2.4 on page 37 and are shown in the Level 3 investments in the table above. Fair value adjustments of US\$0.2 million, representing 0.34% of the net asset value at year-end, were applied to the Level 3 investments. The Level 3 investments fair value are shown net of the fair value adjustments in the table above. The fair value adjustments made by the Board of Directors ranged from 25% to 50% of the reported value of the underlying investment companies. A sensitivity analysis on the fair value of Level 3 investments has not been performed as the write down provision amounts are not significant.

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

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

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

TCH held no investments as at 31 December 2020.

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

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

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

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

TCH held no forward foreign exchange contracts as at 31 December 2020.

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

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

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	10,515	(11,784)	08/01/2020	5
<b>Total</b>				<u>5</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 year 31 December 2020 are summarised below:

US\$000	Class A	Class B	Total
Redeemable participating shares at 1 January 2020	35,012	11,925	46,937
Decrease due to transfer to Leveraged Capital Holdings	(28,483)	(9,616)	(38,099)
Redemptions	(3,945)	(1,238)	(5,183)
Net increase/(decrease) in redeemable participating shares resulting from operations	<u>(2,584)</u>	<u>(1,071)</u>	<u>(3,655)</u>
<b>Redeemable participating shares at 31 December 2020 - US\$</b>	-	-	-
<b>Redeemable participating shares at 31 December 2020 - €</b>	<u>-</u>	<u>-</u>	<u>-</u>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2020	192,156	78,424	270,580
Decrease due to transfer to Leveraged Capital Holdings	(169,151)	(77,152)	(246,303)
Redemptions	<u>(23,005)</u>	<u>(1,272)</u>	<u>(24,277)</u>
<b>Shares outstanding at 31 December 2020</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net asset value per redeemable participating share at 31 December 2020</b>	-	-	-

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue during the year 31 December 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	(30,830)	(8,671)	(39,501)
Net increase/(decrease) in redeemable participating shares resulting from operations	211	(857)	(646)
<b>Redeemable participating shares at 31 December 2019 - US\$</b>	<b>35,012</b>	<b>11,925</b>	<b>46,937</b>
<b>Redeemable participating shares at 31 December 2019 - €</b>	<b>-</b>	<b>10,636</b>	<b>-</b>
Shares	Class A	Class B	Total
Shares outstanding at 1 January 2019	357,643	131,742	489,385
Subscriptions	118	1,290	1,408
Redemptions	(165,605)	(54,608)	(220,213)
<b>Shares outstanding at 31 December 2019</b>	<b>192,156</b>	<b>78,424</b>	<b>270,580</b>
<b>Net asset value per redeemable participating share at 31 December 2019</b>	<b>US\$182.21</b>	<b>€135.62</b>	

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue for the past three years is summarised below:

At 31 December	2020	2019	2018
Total NAV (US\$000)	-	46,937	86,855
Total shares Class A	-	192,156	357,643
Total shares Class B	-	78,424	131,742
NAV per share Class A (US\$)	-	182.21	183.45
NAV per share Class B (€)	-	135.62	140.75
Total income (US\$000)	(3,428)	652	(5,089)
Total operating expenses (US\$000)	(212)	(1,159)	(2,967)
Total finance costs (US\$000)	(15)	(139)	(196)
Taxes (US\$000)	-	-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations (US\$000)</b>	<b>(3,655)</b>	<b>(646)</b>	<b>(8,252)</b>

For the convenience of investors, to create a market with orderly trading and to promote liquidity of the shares, the Company had designated Munnik Opties & Futures bv and Edmond de Rothschild (Suisse) SA to act as an Agent of the Company to make a market in shares. The Company had agreed, subject to certain limitations, to repurchase shares from the Agent at a fixed discount, including a fixed commission of 0.5%. The agreements with both Agents of the Company were terminated effective 31 March 2020.



TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

## 6. OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at	31/12/20 US\$000	31/12/19 US\$000
Payable to the Administrator	-	(12)
Audit fees payable	-	(42)
Other Administrator fees	-	(13)
Other accounts payable	-	(8)
<b>Total</b>	<b>-</b>	<b>(75)</b>

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

For the year ended 31 December	2020 US\$000	2019 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	5,520	3,249
Realised loss on financial assets and liabilities at fair value through profit or loss	(7,090)	(5,305)
<b>Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(1,570)</b>	<b>(2,056)</b>
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	10,503	7,771
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(12,378)	(5,244)
<b>Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(1,875)</b>	<b>2,527</b>
<b>Net gain/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>(3,445)</b>	<b>471</b>

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

## 8. ADVISORY AND PERFORMANCE FEES

For the year ended 31 December	2020 US\$000	2019 US\$000
Advisory fees	(165)	(943)
<b>Total</b>	<b>(165)</b>	<b>(943)</b>

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

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

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

9. 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.

10. OTHER OPERATING EXPENSES

For the year ended 31 December	2020 US\$000	2019 US\$000
Directors fees	(5)	(19)
Depositary fees	(2)	(19)
Other Administrator fees	(4)	(18)
Other professional fees	(5)	(35)
Legal fees	-	(13)
Paying agent and related fees	(10)	(8)
Professional liability insurance	(3)	(3)
Regulatory fees	-	(2)
Miscellaneous expenses	(6)	(6)
<b>Total</b>	<b>(35)</b>	<b>(123)</b>

11. ONGOING CHARGES

The ongoing charges and performance fees of LCH have been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Ongoing charges	0.51	1.94
Performance fees	-	-
<b>Total</b>	<b>0.51</b>	<b>1.94</b>

The ongoing charges, as defined in EU Commission regulation 583-2010 and document 10-674 of the Committee of European Securities Regulators, represent the total costs of TCH in the reporting period, expressed as a percentage of the average daily net asset value. Furthermore, any performance fees charged by the Investment Advisor are shown separately.

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These additional fees, if included in the numbers stated above, and calculated based on a best estimation would increase the ongoing charges to 0.91% (2019: 3.79%) and the performance fees to 0.04% (2019: 1.17%) based on the net performance of TCH for the year.

In addition to investment management fees and performance fees, underlying investment companies might incur operational expenses that are included in the net asset value of these companies and are not charged separately. Since these operating expenses are typically not disclosed in the prospectus of these companies they are difficult to estimate by TCH and are not included in the numbers stated above.

TRADING CAPITAL HOLDINGS  
NOTES TO THE FINANCIAL STATEMENTS

#### 12. COMPARISON COSTS ACCORDING TO PROSPECTUS AND ACTUAL COSTS

The basis on which various costs are charged to TCH are disclosed in detail in the prospectus. It is a Dutch regulatory requirement to include a comparison between those costs disclosed in the prospectus and the actual costs.

For the year ended 31 December	Actual 2020 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(165)	(165)	-
Performance fees	-	-	-
Administration fees	(8)	(8)	-
Depositary fees	(2)	(2)	-
Directors fees	(5)	(5)	-
Paying agent and related fees	(10)	(10)	-
Commitment fee relating to short term borrowings	(15)	(15)	-
Interest expense short term borrowings	-	-	-

For the year ended 31 December	Actual 2019 US\$000	According to prospectus <sup>1</sup> US\$000	Difference US\$000
Advisory fees	(943)	(943)	-
Performance fees	-	-	-
Administration fees	(58)	(58)	-
Depositary fees	(19)	(19)	-
Directors fees	(19)	(19)	-
Paying agent and related fees	(8)	(8)	-
Commitment fee relating to short term borrowings	(115)	(115)	-
Interest expense short term borrowings	(15)	(15)	-

<sup>1</sup> The amounts shown are calculated by using the percentages stated in the prospectus (if applicable).

#### 13. PORTFOLIO TURNOVER RATE

The gross portfolio turnover rate of TCH has been calculated as follows:

For the year ended 31 December	2020 %	2019 %
Portfolio turnover rate	<u>(14.0)</u>	<u>(10.4)</u>

The portfolio turnover rate reflects the sum of the total gross amount of purchases and sales of investments of TCH in the reporting period, minus the sum of the total amount of subscriptions and redemptions of redeemable participating shares, expressed as a percentage of the average daily net assets.

#### 14. RELATED PARTY TRANSACTIONS

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

Additionally, transactions with LCH could be considered related party transactions, since LCH and TCH have the same Board of Directors. Transactions with related parties are done on terms that are considered to be in conformity with market rates.

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Please refer to note 2.12 of the Company and note 8 and 10 above for further information about transactions that took place with related and affiliated parties, including the total amount of such transactions, any outstanding balances as at the reporting period and the total amount of expenses incurred by TCH relating to these transactions.

During 2020, LCH redeemed an amount of nil (2019: US\$18 million) from TCH.

TCH merged its operations with LCH with effect from 1 April 2020 and all shares were exchanged with LCH shares.

The total personal interest of the members of the Board of Directors of the Company, the Board of Directors of LCH Investments NV and the Company Secretary in redeemable participating shares of LCH during the year ended 31 December 2020 was:

31 December	Position at 2019	Purchases/ (Sales)	Position at 2020
Shares of TCH	1,520	(1,520)	-

#### 15. EXCHANGE RATE

The following exchange rate prevailing at 31 December 2020 was used: €1.00 = US\$1.2215 (2019: US\$1.1212).

#### 16. FINANCIAL RISK FACTORS

TCH's investment activities expose it to various types of risks that are associated with the financial assets and liabilities and markets in which it invests. TCH is exposed to market risk, liquidity risk, counterparty risk and other risks (risk of using derivatives). The risk management policies employed by TCH to manage these risks are discussed below.

##### 16.1 Market risk

###### (a) Price risk

TCH invests in other funds and is susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The Board of Directors manages this risk by monitoring the performance of each underlying investment closely on a weekly and monthly basis.

TCH is exposed to transferable securities price risk and derivative price risk. This arises from investments held by TCH for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than USD, the price initially expressed in foreign currency and then converted into USD will also fluctuate because of changes in foreign exchange rates.

TCH has also performed a sensitivity analysis. The relationship between movements in the S&P500 Index and the NAV of TCH is uncertain and subject to change at any time and should not be relied upon in assessing likely future relationships. Notwithstanding this, as required by IFRS, the following details TCH's estimated sensitivity to a 5% general increase and decrease in the S&P500 index.

As at 31 December 2020 price risk does not present a significant risk.

As at 31 December 2019, if the S&P500 Index had increased or decreased by an additional 5% during 2019, with all other variables held constant and based on the actual change during 2019 of the net asset value and the S&P500 Index, the increase or decrease in net assets attributable to holders of redeemable shares for the year might have amounted to (0.09%).

###### (b) Foreign exchange risk

TCH operates internationally and holds both monetary and non-monetary assets denominated in currencies other than USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Portfolios, through the underlying investments, will be primarily invested in US dollar-denominated investments and their assets are valued in US dollars. TCH (with respect to each of the Portfolios), through the underlying investments, may also invest a portion

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of its assets in equity securities and other investments denominated in currencies other than the US dollar, including the Euro, and in other financial instruments, the prices of which are determined with reference to currencies other than the US dollar. To the extent un-hedged, the value of TCH's non-dollar denominated assets will fluctuate with US dollar exchange rates as well as with price changes of the underlying investments in the various local markets and currencies. Thus, an increase in the value of the US dollar (or, for Class B shareholders, the Euro) compared to the other currencies in which the underlying investment may make its investments will reduce the effect of increases and magnify the US dollar (or Euro) equivalent of the effect of decreases in the prices of TCH's securities and other investments in their local markets. Conversely, a decrease in the value of the US dollar (or Euro) will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of an underlying investments non-US dollar (or non-Euro) securities or other investments. The portfolio managers of the underlying investments may use spot currency transactions, forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

TCH 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. The related hedging costs and the gains or losses attributable to the hedging transactions will be credited or charged to the class of shares on behalf of which such transactions were effected. There can be no assurance that such hedging transactions will be effective. Although TCH may hedge against currency fluctuations of either the Class A shares or the Class B shares, currently TCH anticipates that it will seek to hedge against currency fluctuations solely with respect to the Class B shares.

The carrying amount of TCH's direct foreign currency denominated financial assets and financial liabilities at the reporting date is detailed in note 3 and 4.

As at 31 December 2020 and 31 December 2019, foreign exchange risk does not present a significant risk.

**(c) Cash flow and fair value interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board of Directors manages this risk by monitoring fluctuations in the market interest rates on a monthly basis.

As at 31 December 2020 and 31 December 2019, cash flow and fair value interest rate risk do not present a significant risk.

**16.2 Liquidity risk**

Liquidity risk is the risk that TCH may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. TCH is exposed to quarterly cash redemptions of redeemable shares and has a 45 business days notice period for redemption requests. TCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the investment vehicles and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

The success of TCH's investment program depends to a great extent upon the ability of the portfolio managers of the underlying investments to assess correctly the future course of price movements of stocks, bonds, commodities and currencies. There can be no assurance that the portfolio managers will accurately predict such movements. In addition, certain of the investments in which a substantial portion of each Portfolio's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the portfolio manager to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, the NAV of a class of shares may fluctuate widely from one period to the next. The risk of illiquidity is also increased by the prevalence of requirements by portfolio advisers with whom TCH wishes to invest that TCH agree to minimum holding periods and redemption periods in underlying investments that are generally longer than TCH's own redemption period.

TCH's liquidity risk is managed through the diversification of the investment program by strategy and by manager as well as by redemption terms of the underlying investments and the liquidity of their investments. There can be no assurance that this diversification will provide protection from a market downfall or illiquidity.

As a result of disrupted market conditions such as a rapid and catastrophic price movement in markets in which TCH invests, determination of the NAV of each class of shares, the right to redeem shares or the market maker facility could be suspended or restricted resulting in illiquidity of the shares during such suspension.

As at 31 December 2020, liquidity risk does not present a significant risk.

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The following table details the ordinary redemption periods of the investment companies in which TCH has invested as well as any other financial assets through profit or loss as at 31 December 2019.

Redemption period	≤3 months US\$000	3-12 months US\$000	>1 year <sup>1</sup> US\$000	Total US\$000
<b>Notice period:</b>				
Cash and other assets	6,881	-	-	6,881
30 days or less	17,618	-	-	17,618
45 days	-	-	-	-
60 days	17,606	-	-	17,606
90 days	4,776	-	-	4,776
More than 90 days	-	-	310	310
<b>Total assets</b>	<b>46,881</b>	<b>-</b>	<b>310</b>	<b>47,191</b>

<sup>1</sup> This category includes investments in funds that are in liquidation and for which there is no statutory right of redemption.

The table above shows by when investments could be normally redeemed even if subject to an early redemption fee, and not taking into account initial lock-ups.

The following table details TCH's liquidity analysis for its financial liabilities based on contractual undiscounted cash-flow as at 31 December 2019 and shows when the liabilities become due.

	Less than 1 month US\$000	1 - 3 months US\$000	>3 months US\$000
Advisory and performance fees payable	(179)	-	-
Other accounts payable and accrued expenses	(75)	-	-
Net assets attributable to holders of redeemable participating shares	-	(46,937)	-
<b>Total</b>	<b>(254)</b>	<b>(46,937)</b>	<b>-</b>

### 16.3 Counterparty creditworthiness

TCH is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

To the extent that TCH engages, directly or through the underlying investments, in principal transactions, including, but not limited to, swap transactions, forward foreign currency transactions and bonds and other fixed income securities and/or to the extent that TCH makes use of the services of a counterparty for the custody of its assets, TCH must rely on the creditworthiness of its counterparty. Insolvency of, gross negligence, wilful misconduct and/or fraud by the counterparty may prevent payment in part or in full or on time, and may cause losses.

TCH manages this risk by evaluating the creditworthiness of its direct counterparties. TCH's indirect exposure to counterparty risk through its underlying investments is monitored by management as part of its due diligence process.

In the following table the Depositary and custodians appointed by TCH are listed together with the most relevant credit ratings for those firms as well as the financial assets and liabilities through profit or loss held at the Depositary and custodians and the outstanding cash balances, if any, as at the end of the reporting period.

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Financial assets and liabilities through profit or loss:

At 31 December	Moody's	S&P	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	NR	NR	-	40,315
<b>Total</b>			<u>-</u>	<u>40,315</u>

Net cash balances:

At 31 December	2020 US\$000	2019 US\$000
Citco Bank Nederland NV, Dublin Branch	-	6,811
<b>Total</b>	<u>-</u>	<u>6,811</u>

#### 16.4 Other risks

##### Use of derivatives

Derivatives refer to financial instruments which derive their performance at least in part from the performance of an underlying asset, index or interest rate. Financial instruments such as futures, forward contracts and other derivatives may be used by the underlying investment portfolio managers both for speculative purposes and for hedging other investments. TCH does not control or monitor on a regular basis the investments of the portfolio managers. TCH may have a significant exposure to derivatives risks. However, as a two-tier company, its liability is limited by investing, as it does, through multiple separate legal entities. If the derivative exposure in TCH became material, that would subject the investors to a higher risk of loss and volatility and would make the pricing of the assets more difficult because, among other things, of the leveraged effect of such investments, the added credit risk of issuing counterparties, and the potential for illiquidity in certain circumstances. TCH does not have a percentage limitation on hedging for either of the Portfolios.

Hedging against a decline in the value of a portfolio investment does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. The portfolio managers of the underlying investments may utilise hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

It is the policy of TCH to transact the majority of its direct investments in securities and contractual commitment activity with broker-dealers and banks that management considers to be well established/first rated.

##### Share class and currency risk

TCH constitutes a single legal entity, but the assets of the Class A Portfolio will be invested for the benefit of the Class A Shareholders, the assets of the Class B Portfolio will be invested for the benefit of the Class B Shareholders and the assets of the Class C Portfolio will be invested for the benefit of the Class C Shareholders. However, while liabilities attributed to a class of shares (including any borrowings relating specifically to a Portfolio) will only be allocated to that class, a creditor of TCH will generally not be bound to satisfy its claims from a particular class. Rather, such creditor could seek, to the extent the liabilities exceeded the assets of the class to which the liabilities are associated, to satisfy its claim from TCH's assets as a whole. Thus, if a creditor's claim relating to a particular class of shares exceeds the assets attributable to that class of shares, the remaining assets of TCH (the other class of shares) may be subject to such claim.

Foreign exchange hedging activity in connection with the Class B Portfolio, as well as subscription and redemption activity of shares in any class may have negative or positive cash flow implications for TCH's underlying portfolio.

#### 17. COMPARATIVE FIGURES

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

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18. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

As the sub-fund has been terminated there are no significant events after the end of the financial year.