



THE CAPITAL HOLDINGS FUNDS PLC
2018 SEMI-ANNUAL REPORT

Contents

	Page
THE CAPITAL HOLDINGS FUNDS PLC	
Boards of Directors	4
Members of the Investment Advisory Committees	5
Advisors and Organisation	5
Directors' Report and Statements of Directors' Responsibilities in respect of the Financial Statements	6
Statement of Financial Position	7
Statement of Comprehensive Income	15
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	19
Statement of Cash Flows	23
Notes to the Financial Statements	27
ASIAN CAPITAL HOLDINGS	
Profile	41
Performance Since Inception	42
Statement of Financial Position	44
Statement of Comprehensive Income	45
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	46
Statement of Cash Flows	47
Notes to the Financial Statements	48

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

Edmond de Rothschild Capital Holdings Limited (Authorised and regulated by the FCA)
4 Carlton Gardens, London SW1Y 5AA
Tel: +44 20 7240 3000 Fax: +44 20 7240 3020 Email: lcfram@lcfcr.co.uk

THE CAPITAL HOLDINGS FUNDS PLC
2018 SEMI-ANNUAL REPORT

Contents

	Page
DISCOVERY CAPITAL HOLDINGS	
Profile	56
Performance Since Inception	57
Statement of Financial Position	58
Statement of Comprehensive Income	59
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	60
Statement of Cash Flows	61
Notes to the Financial Statements	62
EUROPEAN CAPITAL HOLDINGS	
Profile	69
Performance Since Inception	70
Statement of Financial Position	72
Statement of Comprehensive Income	73
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	74
Statement of Cash Flows	75
Notes to the Financial Statements	76
LEVERAGED CAPITAL HOLDINGS	
Profile	84
Performance Since Inception	85
Statement of Financial Position	87
Statement of Comprehensive Income	88
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	89
Statement of Cash Flows	90
Notes to the Financial Statements	91

THE CAPITAL HOLDINGS FUNDS PLC
2018 SEMI-ANNUAL REPORT

Contents

	Page
TRADING CAPITAL HOLDINGS	
Profile	99
Performance Since Inception	100
Statement of Financial Position	101
Statement of Comprehensive Income	102
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	103
Statement of Cash Flows	104
Notes to the Financial Statements	105
LEVERAGED CAPITAL HOLDINGS (GOLD)	
Profile	114
Performance Since Inception	115
Statement of Financial Position	116
Statement of Comprehensive Income	117
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	118
Statement of Cash Flows	119
Notes to the Financial Statements	120
TRADING CAPITAL HOLDINGS (GOLD)	
Profile	125
Performance Since Inception	126
Statement of Financial Position	127
Statement of Comprehensive Income	128
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	129
Statement of Cash Flows	130
Notes to the Financial Statements	131

BOARD OF DIRECTORS OF
THE CAPITAL HOLDINGS FUNDS PLC

Mike Kirby, Chairman (from 25 April 2018)

Managing Principal
KB Associates
Dublin

Lord Kestenbaum of Foxcote (to 25 April 2018)

Chief Operating Officer
RIT Capital Partners plc
London

Dick van Duijn

Chief Operating Officer
Edmond de Rothschild Capital Holdings Limited
London

Antonio Foglia

Director
Banca del Ceresio
Lugano

Thomas Glynn

Senior Consultant
KB Associates
Dublin

Francesco Goedhuis (to 25 April 2018)

Head of Strategic Investments
RIT Capital Partners plc
London

Miki Kliger

Chief Executive Officer
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

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

Richard Katz

Banker and Investment Advisor

Gary Powell

Head of Group Strategy & Corporate Development
Rothschild Bank AG
London

Maurizio Solaro del Borgo

Member of the Board
Banca del Ceresio
Lugano

BOARD OF DIRECTORS OF
ACH INVESTMENT ADVISORS SA

Rick Sopher, Chairman

Chief Executive Officer
Edmond de Rothschild Capital Holdings Limited
London

Umberto Boccato

Senior Vice President
Mirabaud Asset Management (Suisse) SA

Pierre Mirabaud

Independent adviser

*Independent directors

MEMBERS OF THE
INVESTMENT ADVISORY COMMITTEES

ADVISORS AND ORGANISATION

LEVERAGED CAPITAL HOLDINGS

Rick Sopher, Chairman
Chief Executive Officer
Edmond de Rothschild Capital Holdings Limited
London

Antonio Foglia
Director
Banca del Ceresio
Lugano

Richard Katz
Banker and Investment Advisor

EUROPEAN CAPITAL HOLDINGS

Rick Sopher, Chairman
Chief Executive Officer
Edmond de Rothschild Capital Holdings Limited
London

Martin Taylor
Investment Consultant
London

TRADING CAPITAL HOLDINGS

Rick Sopher, Chairman
Chief Executive Officer
Edmond de Rothschild Capital Holdings Limited
London

Antonio Foglia
Director
Banca del Ceresio
Lugano

Abbas Zuaiteer
Managing Member
Zuaiteer Capital Holdings, LLC
Greenwich

DISCOVERY CAPITAL HOLDINGS

Rick Sopher, Chairman
Chief Executive Officer
Edmond de Rothschild Capital Holdings Limited
London

Brad Amice
Head of Research
LCH Investments NV

Antonio Foglia
Director
Banca del Ceresio
Lugano

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.

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

ACH INVESTMENT ADVISORS SA (TO 28 FEBRUARY 2018)
20, boulevard Emmanuel Servais
L-2535 Luxembourg

REGISTERED OFFICE
The Exchange
George's Dock
IFSC
Dublin 1
Ireland

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

IRELAND LEGAL COUNSEL
Walkers
The Anchorage
17/19 Sir John Rogerson's Quay
Dublin 2
Ireland

NETHERLANDS LEGAL COUNSEL
De Brauw Blackstone Westbroek NV
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

ADMINISTRATOR
BNP Paribas Fund Administration Services (Ireland) Limited
Trinity Point
10-11 Leinster Street South
Dublin 2
Ireland

DEPOSITARY
BNP Paribas Securities Services, Dublin Branch
Trinity Point
10-11 Leinster Street South
Dublin 2
Ireland

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

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

Irish Authorisation

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

Unaudited Information

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

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

We are pleased to submit to our shareholders the semi-annual report of The Capital Holdings Funds plc for the six month period to 30 June 2018.

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 7 sub-funds:

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

For the six period to 30 June 2018, net assets decreased by US\$187m to US\$1.089bn from US\$1.276bn. Of the decrease an amount of (US\$177m) was attributable to share transactions and dividends distributions, and amount of (US\$10m) was attributable to investment operations and foreign currency translation adjustments.

The detailed results for the period are set out in the statement of comprehensive income on page 15 as well as in the financial statements of the various sub-funds.

Transactions with Connected Parties

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

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


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

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

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

The 2018 semi-annual report of the Company has been published on the website www.capitalholdings.com.

On behalf of the Board of Directors



M. Kirby



D. van Duijn

31 August 2018

STATEMENT OF FINANCIAL POSITION

At 30 June 2018	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH (Gold) US\$000	Total US\$000
Assets									
Current assets									
Financial assets at fair value through profit or loss	2.4, 5	249,649	134,430	156,720	346,554	211,075	10,311	4,200	1,026,852
Due from investment companies and brokers	2.7	322	143	-	-	612	-	-	1,077
Prepayments on investments	2.8	-	5,000	-	-	-	-	-	5,000
Other accounts receivable	2.9	331	-	-	543	-	38	16	928
Cash and cash equivalents	2.5	33,169	15,358	14,413	6,182	14,892	46	21	86,484
Total assets		283,471	154,931	171,133	353,279	226,579	10,395	4,237	1,120,341
Liabilities									
Current liabilities									
Financial liabilities at fair value through profit or loss	2.4, 5	(189)	-	(220)	(2,952)	(1,800)	(400)	(164)	(5,762)
Due to investment companies and brokers	2.7	(3,306)	-	-	-	-	-	-	(3,306)
Short term borrowings		-	-	(6,000)	-	-	-	-	(7,000)
Subscriptions received in advance		-	(6,987)	-	-	-	-	-	(6,987)
Shareholder redemptions payable		-	-	-	(244)	-	-	-	(244)
Advisory and performance fees payable		(4,026)	(630)	(622)	(1,319)	(728)	(39)	(16)	(7,484)
Other accounts payable and accrued expenses	2.11	(80)	(43)	(40)	(73)	(48)	(6)	(7)	(304)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(7,601)	(7,660)	(6,882)	(4,588)	(2,576)	(445)	(187)	(31,087)
Net assets attributable to holders of redeemable participating shares	2.12	(275,870)	(147,271)	(164,251)	(348,691)	(224,003)	(9,950)	(4,050)	(1,089,254)
Total liabilities		(283,471)	(154,931)	(171,133)	(353,279)	(226,579)	(10,395)	(4,237)	(1,120,341)

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of €1.00 = US\$1.1667. In the total column all transactions between the various sub-funds have been eliminated.

STATEMENT OF FINANCIAL POSITION

At 30 June 2018	ACH	DCH	ECH	LCH	TCH	LCH (Gold)	TCH (Gold)
Net asset value per Class A redeemable participating share US\$	158.01	213.81	-	304.31	193.39	-	-
Number of Class A redeemable participating shares in issue	1,718,985	541,189	-	967,168	483,363	-	-
Net asset value per Class B redeemable participating share €	108.00	-	283.80	214.81	150.84	-	-
Number of Class B redeemable participating shares in issue	24,269	-	565,772	204,948	164,799	-	-
Net asset value per Class C redeemable participating share US\$	-	214.21	-	-	197.26	-	-
Number of Class C redeemable participating shares in issue	-	142,614	-	-	514,534	-	-
Net asset value per Class G redeemable participating share US\$	-	-	-	-	-	318.29	130.41
Number of Class G redeemable participating shares in issue	-	-	-	-	-	31,261	31,056
Net asset value per Class X redeemable participating share US\$	160.53	214.13	-	304.61	-	-	-
Number of Class X redeemable participating shares in issue	7,500	4,703	-	9,728	-	-	-
Net asset value per Class Y redeemable participating share €	-	-	290.18	-	-	-	-
Number of Class Y redeemable participating shares in issue	-	-	12,698	-	-	-	-

STATEMENT OF FINANCIAL POSITION

At 31 December 2017	Notes	ACH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH(Gold) US\$000	Total US\$000 ¹
Assets									
Current assets									
Financial assets at fair value through profit or loss	2.4, 5	247,345	101,387	157,991	359,527	260,215	10,149	4,137	1,044,604
Due from investment companies and brokers	2.7	19,610	29,289	11,562	88,243	34,916	11,567	3,554	201,061
Other accounts receivable	2.9	27	-	25	676	5	25	9	772
Cash and cash equivalents	2.5	26,096	1,791	10,810	2,818	13,189	579	224	57,676
Total assets		293,078	132,467	180,388	451,264	308,325	22,320	7,924	1,304,113
Liabilities									
Current liabilities									
Financial liabilities at fair value through profit or loss		-	-	-	-	-	-	-	-
Due to investment companies and brokers	2.7	(396)	-	-	-	-	-	-	(396)
Short term borrowings		-	-	-	(16,000)	-	-	-	(16,000)
Subscriptions received in advance		-	-	-	-	-	-	-	-
Shareholder redemptions payable		-	-	-	(1,506)	(470)	-	-	(1,976)
Advisory and performance fees payable	2.11	(7,046)	(902)	(210)	(511)	(326)	(35)	(9)	(9,081)
Other accounts payable and accrued expenses		(79)	(50)	(54)	(159)	(77)	(10)	(11)	(451)
		(7,521)	(952)	(264)	(18,176)	(873)	(45)	(20)	(27,904)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(7,521)	(952)	(264)	(18,176)	(873)	(45)	(20)	(27,904)
Net assets attributable to holders of redeemable participating shares	2.12	(285,557)	(131,515)	(180,124)	(433,088)	(307,452)	(22,275)	(7,904)	(1,276,209)
Total liabilities		(293,078)	(132,467)	(180,388)	(451,264)	(308,325)	(22,320)	(7,924)	(1,304,113)

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of €1.00 = US\$1.2007. In the total column all transactions between the various sub-funds have been eliminated.

STATEMENT OF FINANCIAL POSITION

At 31 December 2017	ACH	DCH	ECH	LCH	TCH	LCH (Gold)	TCH (Gold)
Net asset value per Class A redeemable participating share US\$	159.20	204.46	-	303.26	195.23	-	-
Number of Class A redeemable participating shares in issue	1,764,100	643,245	-	1,231,363	775,527	-	-
Net asset value per Class B redeemable participating share €	110.25	-	282.33	217.18	154.67	-	-
Number of Class B redeemable participating shares in issue	26,617	-	625,089	228,994	290,093	-	-
Net asset value per Class C redeemable participating share US\$	-	-	-	-	198.65	-	-
Number of Class C redeemable participating shares in issue	-	-	-	-	514,534	-	-
Net asset value per Class G redeemable participating share US\$	-	-	-	-	-	336.33	139.18
Number of Class G redeemable participating shares in issue	-	-	-	-	-	66,229	56,789
Net asset value per Class X redeemable participating share US\$	160.74	-	-	-	-	-	-
Number of Class X redeemable participating shares in issue	7,500	-	-	-	-	-	-
Net asset value per Class Y redeemable participating share €	-	-	286.89	-	-	-	-
Number of Class Y redeemable participating shares in issue	-	-	12,698	-	-	-	-

STATEMENT OF COMPREHENSIVE INCOME

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

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

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at an average FX rate of €1.00 = US\$1.1837. In the total column all transactions between the various sub-funds have been eliminated.

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2017		ACH	DCH	ECH	LCH	TCH	LCH (Gold)	TCH (Gold)	Total
	Notes	US\$000	US\$000	€000	US\$000	US\$000	US\$000	US\$000	US\$000 ¹
Income									
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:									
- Realised gains/(losses)	2.4	6,477	577	8,194	(7,837)	2,964	1,909	705	13,095
- Change in unrealised gains/(losses)	2.4	17,630	7,724	(2,329)	29,780	(8,673)	(44)	(475)	44,749
Interest income	2.13	-	12	-	39	14	-	-	65
Fee rebate	6	594	-	-	-	-	-	-	594
Dividend income		-	-	227	1,630	-	152	56	2,087
Surplus on repurchase of own shares		-	-	95	706	404	-	-	1,214
Other income		136	-	60	9	-	-	-	210
Total income		24,837	8,313	6,247	24,327	(5,291)	2,017	286	62,014
Operating expenses									
Advisory and performance fees		(2,725)	(1,436)	(1,624)	(3,883)	(2,812)	(158)	(58)	(12,853)
Administration fees		(94)	(88)	(81)	(131)	(121)	-	-	(523)
Audit fees		(16)	(12)	(15)	(100)	(33)	(5)	(5)	(187)
Other operating expenses		(95)	(65)	(104)	(209)	(181)	(4)	(1)	(669)
Total operating expenses		(2,930)	(1,601)	(1,824)	(4,323)	(3,147)	(167)	(64)	(14,232)
Operating profit/(loss)		21,907	6,712	4,423	20,004	(8,438)	1,850	222	47,782
Finance costs									
Commitment fee relating to short term borrowings	3	(11)	(37)	(42)	(111)	(207)	(6)	(2)	(439)
Interest expense short term borrowings	2.13	(14)	-	(59)	(1)	(9)	(4)	(3)	(77)
Bank charges		-	-	-	-	-	-	-	1
Interest expense loan	2.13	-	-	-	(1,141)	-	-	-	(1,141)
Total finance costs		(25)	(37)	(101)	(1,253)	(216)	(10)	(5)	(1,656)
Profit/(loss) before taxation		21,882	6,675	4,322	18,751	(8,654)	1,840	217	46,126
Taxation	2.17	-	-	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		21,882	6,675	4,322	18,751	(8,654)	1,840	217	46,126

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of €1.00 = US\$1.1409. In the total column all transactions between the various sub-funds have been eliminated.

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

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

¹ All amounts relating to ECH, which is denominated in Euro, at 1 January have been converted at a FX rate of €1.00 = US\$ 1.2007. The amounts in the Statement of comprehensive income relating to ECH as well as the proceeds from subscriptions and redemptions relating to ECH have been converted at the average FX rate of €1.00 = US\$1.1837. The method of conversion has no effect on the net asset value per redeemable participating share of the individual sub-funds. The amount of (US\$6,142) above reflects the notional foreign exchange adjustment as a result of the method of conversion. This adjustment is not for the benefit of any shareholder. In the total column all transactions between the various sub-funds have been eliminated.

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

For the period ended 30 June 2017	ACH US\$000	DCH US\$000	ECH €000 ¹	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH (Gold) US\$000	Total US\$000 ¹
Net assets attributable to holders of redeemable participating shares at 1 January	-	176,055	259,171	595,645	459,314	19,413	7,435	1,266,335
Increase from transferred sub-fund	247,084	-	-	-	-	-	-	247,084
Increase from redeemable participating shares issued	1,666	905	128	1,080	4,323	-	-	6,686
Decrease due to redeemable participating shares repurchased	(14,764)	(15,358)	(70,866)	(120,403)	(73,065)	(166)	-	(276,634)
Net increase/(decrease) from share transactions	233,986	(14,453)	(70,738)	(119,323)	(68,742)	(166)	-	(22,864)
Distributions to shareholders	(459)	-	-	-	-	-	-	(459)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	21,882	6,675	4,322	18,751	(8,654)	1,840	217	46,126
Foreign currency translation adjustment	-	-	-	-	-	-	-	20,809
Net assets attributable to holders of redeemable participating shares at 30 June	255,409	168,277	192,755	495,073	381,918	21,087	7,652	1,309,947

¹ All amounts relating to ECH, which is denominated in Euro, at 1 January have been converted at a FX rate of € 1.00 = US\$1.0528. 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\$1.0969. 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\$20,809 above reflects the notional foreign exchange adjustment as a result of the method of conversion. This adjustment is not for the benefit of any shareholder. In the total column all transactions between the various sub-funds have been eliminated.

STATEMENT OF CASH FLOWS

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

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of €1.00 = US\$1.1667. In the total column all transactions between the various sub-funds have been eliminated.

STATEMENT OF CASH FLOWS

For the period ended 30 June 2017	Notes	DCH US\$000	DCH US\$000	ECH €000	LCH US\$000	TCH US\$000	LCH (Gold) US\$000	TCH (Gold) US\$000	Total US\$000 ¹
Cash flows from operating activities									
Profit/(loss) before taxation		21,882	6,675	4,322	18,751	(8,654)	1,840	217	46,126
Adjustments for:									
Interest income		-	-	-	(39)	(14)	-	-	(53)
Other income		(136)	-	(60)	(9)	(404)	-	-	(614)
Finance costs		25	37	101	1,253	216	10	5	1,656
Exchange (gains)/losses on cash		-	-	-	(4,337)	2,265	-	-	(2,072)
Net changes in:									
Due from investments companies and brokers		-	5,598	13,000	90,367	47,474	2,159	814	160,098
Other accounts receivable		(539)	(10)	(20)	(60)	(2)	3	2	(635)
Prepayments on investments		-	(3,000)	-	-	(5,000)	-	-	(8,000)
Advisory and performance fees payable		4,040	130	(128)	(257)	(154)	2	1	3,672
Other accounts payable and accrued expenses		151	9	(6)	(42)	(11)	1	(6)	100
Increase in financial assets at fair value through profit or loss		583	(7,755)	45,471	47,721	60,440	(1,429)	(240)	105,371
Increase in financial liabilities at fair value through profit or loss		-	-	(194)	3,164	(4,139)	441	158	(580)
Increase in financial net assets due to transfer from sub-fund		(247,084)	-	-	-	-	-	-	(247,084)
Proceeds from sale of investment companies received in advance		-	-	257	-	-	-	-	293
Due to investment companies and brokers		1,047	-	-	-	-	-	-	1,047
Interest income received		-	-	-	39	14	-	-	53
Other income received		136	-	60	9	404	-	-	614
Finance costs paid		(25)	(37)	(101)	(1,253)	(216)	(10)	(5)	(1,656)
Net cash from operating activities		(219,920)	1,647	62,702	155,307	92,219	3,017	946	58,336
Cash flows from financing activities									
Short term borrowings		-	-	-	-	(20,000)	-	-	(20,000)
Proceeds from redeemable participating shares issued		248,750	5,978	128	1,080	4,596	-	-	259,116
Paid on redeemable participating shares paid		(14,764)	(15,358)	(70,866)	(121,949)	(72,851)	(166)	-	(277,966)
Distributions paid		(458)	-	-	-	-	-	-	(458)
Net cash from financing activities		233,528	(9,380)	(70,738)	(120,869)	(88,255)	(166)	-	(39,308)
Net increase/(decrease) in cash and cash equivalents		13,608	(7,733)	(8,036)	34,438	3,964	2,851	946	19,028
Foreign currency translation adjustment		-	-	-	-	-	-	-	20,809
Cash and cash equivalents at 1 January		-	15,142	10,571	14,157	5,267	(2,038)	(642)	43,015
Cash and cash equivalents at 30 June	2.5	13,608	7,409	2,535	48,595	9,231	813	304	82,852

¹ All amounts relating to ECH, which is denominated in Euro, have been converted at a FX rate of € 1.00 = US\$1.1409.

1. GENERAL INFORMATION

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

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

- Asian Capital Holdings (“ACH”)
- Discovery Capital Holdings (“DCH”)
- European Capital Holdings (“ECH”)
- Leveraged Capital Holdings (“LCH”)
- Trading Capital Holdings (“TCH”)
- Leveraged Capital Holdings (Gold) (“LCH (Gold)”)
- Trading Capital Holdings (Gold) (“TCH (Gold)”)

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

These financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

The following interpretations are mandatory for the Company’s accounting years beginning on or after 1 January 2018 or later years:

Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2018

The IFRS or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January

2018 that are not expected to have a material impact on the Company are disclosed below.

IFRS 9 ‘Financial Instruments’

In July 2014, the IASB issued the final version of IFRS 9 ‘Financial Instruments’ (“IFRS 9”) which reflects all phases of the financial instruments project and replaces IAS 39 ‘Financial Instruments Recognition and Measurement’ (“IAS 39”) and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. All investments held by the Company are classified as financial assets and liabilities at fair value through profit or loss. The adoption of IFRS 9 had no material impact on the classification and measurement of the Company’s financial assets and financial liabilities.

Other amendments and interpretations that are in issue but not effective for the financial year beginning January 1, 2018 and not early adopted:

IFRS 16 Leases (1 January 2019);

IFRS 17 Insurance Contracts (1 January 2021); and

Interpretation 23 Uncertainty over income tax treatments (1 January 2019).

The adoption of the above standards as of 1 January 2018 is not expected to have a material impact on the Company’s financial statements.

2.2 Segment reporting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

The Company considers all of its investments in other funds (“Investee Funds”) to be investments in unconsolidated structured entities. The Company generally invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy may include the use of leverage. The Investee Funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Funds 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 Investee Funds.

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 income statements 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 recognized 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 other net changes in fair value of financial assets and 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 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.

Gold index swap contracts are considered financial assets or liabilities at fair value through profit or loss and are recorded on the trade date and are valued based on the underlying index.

Future contracts are considered financial assets or liabilities at fair value through profit or loss and are recorded on the trade date. 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.

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 utilizes the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Transfers between levels of the fair value hierarchy:

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

Investments in investment funds:

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

Underlying investment managers charge additional fees, namely investment management fees and performance fees. These are estimated to range from 0% to 4% per annum (with the majority currently set at 1.5%) and from 0% to 40% (with the majority currently set at 20%) respectively.

A copy of the full portfolio of each sub-fund at the end of the reporting period, including a statement of changes made to the portfolio 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 transactions 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 net asset value per share. The surplus on repurchases of own shares, over and above the redemption fee and the commission paid to the Company's Agent, are recognised in the statement of comprehensive income.

2.13 Interest income and expense

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

2.14 Dividends

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

2.15 Expenses

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

2.16 Soft commissions

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

2.17 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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

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

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

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

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

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

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Asian Capital Holdings				
Investment companies:				
Asia	-	69,278	-	69,278
Diversified Asian Strategies	-	36,199	-	36,199
Greater China	-	86,850	-	86,850
Total investment companies	-	192,327	-	192,327
Common stock	38,812	-	-	38,812
Corporate debt	871	-	-	871
Warrants	-	17,639	-	17,639
Total financial assets at fair value through profit or loss	39,683	209,966	-	249,649
Discovery Capital Holdings				
Investment companies:				
Emerging Managers	-	134,430	-	134,430
Total financial assets at fair value through profit or loss	-	134,430	-	134,430

NOTES TO THE FINANCIAL STATEMENTS

	Level 1	Level 2	Level 3	Total
European Capital Holdings	€000	€000	€000	€000
Investment companies:				
Equity Long	4,850	13,703	360	18,913
Equity Long/Short	-	133,504	-	133,504
Macro	-	3,799	-	3,799
Investment companies in run-off	-	-	504	504
Total financial assets at fair value through profit or loss	4,850	151,006	864	156,720
Leveraged Capital Holdings	US\$000	US\$000	US\$000	US\$000
Investment companies:				
Equity Long Biased	1,803	235,229	-	237,032
Equity Opportunistic	-	21,234	-	21,234
Event Driven	-	29,189	3,540	32,729
Macro and Other	-	55,559	-	55,559
Total financial assets at fair value through profit or loss	1,803	341,211	3,540	346,554
Trading Capital Holdings	US\$000	US\$000	US\$000	US\$000
Investment companies:				
Concentrated strategies	-	55,682	-	55,682
Credit	-	23,047	582	23,629
Diversified macro	-	25,856	319	26,175
Emerging markets	-	79,978	-	79,978
Sovereign debt	-	25,608	-	25,608
Investment companies in run-off	-	-	3	3
Total financial assets at fair value through profit or loss	-	210,171	904	211,075
Leveraged Capital Holdings (Gold)	US\$000	US\$000	US\$000	US\$000
Investment in LCH	-	10,311	-	10,311
Total financial assets at fair value through profit or loss	-	10,311	-	10,311
Trading Capital Holdings (Gold)	US\$000	US\$000	US\$000	US\$000
Investment in TCH	-	4,200	-	4,200
Total financial assets at fair value through profit or loss	-	4,200	-	4,200

NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial liabilities at fair value through profit or loss at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
ACH - Forward FX contracts	-	(189)	-	(189)
ECH - Forward FX contracts	-	(257)	-	(257)
LCH - Forward FX contracts	-	(2,952)	-	(2,952)
TCH - Forward FX contracts	-	(1,800)	-	(1,800)
LCH (Gold) - Gold index swap	-	(400)	-	(400)
TCH (Gold) - Gold index swap	-	(164)	-	(164)
Total financial liabilities at fair value through profit or loss	-	(5,762)	-	(5,762)

The following table analyses within the fair value hierarchy the Company's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	1,077	-	1,077
Prepayment on investments	-	5,000	-	5,000
Other accounts receivable	-	928	-	928
Cash and cash equivalents	86,484	-	-	86,484
Total	86,484	7,005	-	93,489
Liabilities				
Due from investment companies and brokers	-	(3,306)	-	(3,306)
Short term borrowings	(7,000)	-	-	(7,000)
Subscriptions received in advance	-	(6,987)	-	(6,987)
Shareholder redemptions payable	-	(244)	-	(244)
Advisory and performance fees payable	-	(7,484)	-	(7,484)
Other accounts payable and accrued expenses	-	(304)	-	(304)
Total	(7,000)	(18,325)	-	(25,325)

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 2017:

Asian Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	61,476	-	61,476
Diversified Asian Strategies	-	35,064	-	35,064
Greater China	-	78,999	-	78,999
Total investment companies	-	175,539	-	175,539
Common stock	58,195	-	-	58,195
Corporate debt	931	-	-	931
Forward FX contracts	-	62	-	62
Warrants	-	12,618	-	12,618
Total financial assets at fair value through profit or loss	59,126	188,219	-	247,345

Discovery Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	101,387	-	101,387
Total financial assets at fair value through profit or loss	-	101,387	-	101,387

European Capital Holdings	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	4,930	11,734	350	17,014
Equity Long/Short	-	136,884	-	136,884
Macro	-	3,506	-	3,506
Investment companies in run-off	-	-	505	505
Total investment companies	4,930	152,124	855	157,909
Forward FX contracts	-	82	-	82
Total financial assets at fair value through profit or loss	4,930	152,206	855	157,991

NOTES TO THE FINANCIAL STATEMENTS

Leveraged Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	7,091	208,419	-	215,510
Equity Opportunistic	-	23,562	-	23,562
Event Driven	-	39,193	4,325	43,518
Macro and Other	-	75,767	-	75,767
Total investment companies	7,091	346,941	4,325	358,357
Forward FX contracts	-	1,170	-	1,170
Total financial assets at fair value through profit or loss	7,091	348,111	4,325	359,527

Trading Capital Holdings	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Commodities	-	26,799	-	26,799
Concentrated strategies	-	60,502	-	60,502
Credit	-	21,606	578	22,184
Diversified macro	-	40,420	290	40,710
Emerging markets	-	83,914	-	83,914
Sovereign debt	-	24,703	-	24,703
Investment companies in run-off	-	-	232	232
Total investment companies	-	257,944	1,100	259,044
Forward FX contracts	-	1,171	-	1,171
Total financial assets at fair value through profit or loss	-	259,115	1,100	260,215

Leveraged Capital Holdings (Gold)	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in LCH	-	9,610	-	9,610
Investments in gold index swap	-	539	-	539
Total financial assets at fair value through profit or loss	-	10,149	-	10,149

Trading Capital Holdings (Gold)	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in TCH	-	3,942	-	3,942
Investments in gold index swap	-	195	-	195
Total financial assets at fair value through profit or loss	-	4,137	-	4,137

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 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	201,061	-	201,061
Other accounts receivable	-	772	-	772
Cash and cash equivalents	57,676	-	-	57,676
Total	57,676	201,833	-	259,509
Liabilities				
Due to investment companies and brokers	-	(396)	-	(396)
Short term borrowings	(16,000)	-	-	(16,000)
Shareholder redemptions payable	-	(1,976)	-	(1,976)
Advisory and performance fees payable	-	(9,081)	-	(9,081)
Other accounts payable and accrued expenses	-	(451)	-	(451)
Total	(16,000)	(11,904)	-	(27,904)

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

Investments over 5% of net assets of the Company as at 30 June 2018 were:

	30/06/18 US\$000	% of NAV
Investment by LCH in DCH	69,070	6.3

Investments over 5% of net assets of the Company as at 31 December 2017 were:

	31/12/17 US\$000	% of NAV
Investment by LCH in DCH	65,742	5.2

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

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

Investments in sub-funds of the Company as at 30 June 2018 were:

	Invested in	30/06/18 US\$000	% of NAV
LCH (US\$)	DCH	69,070	6.3
LCH (US\$)	TCH	28,630	2.6
LCH (Gold) (US\$)	LCH	10,311	0.9
TCH (Gold) (US\$)	TCH	4,200	0.4

NOTES TO THE FINANCIAL STATEMENTS

Investments in sub-funds of the Company as at 31 December 2017 were:

	Invested in	31/12/17 US\$000	% of NAV
LCH (US\$)	DCH	65,742	5.2
LCH (US\$)	TCH	48,562	3.8
LCH (Gold) (US\$)	LCH	9,610	0.8
TCH (Gold) (US\$)	TCH	3,942	0.3

In order to avoid double charging of fees on cross investments in sub-funds, the investment advisors have 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. Exposure to gold investments relating to gold sub-funds

As at	30/06/18 US\$000	31/12/17 US\$000
-------	---------------------	---------------------

Leveraged Capital Holdings (Gold):

Gold index swap - notional amount	10,354	21,215
Gold index swap - unrealised gain/(loss)	(400)	539

Total gold holdings relating to Gold share class

9,954 **21,754**

Trading Capital Holdings (Gold):

Gold index swap - notional amount	4,238	7,684
Gold index swap - unrealised gain/(loss)	(164)	195

Total gold holdings relating to Gold share class

4,074 **7,879**

5.e. Forward foreign exchange contracts

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

Included under financial liabilities at fair value through profit or loss at 30 June 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	2,600	(3,220)	10/07/2018	(189)
ECH	4,030	(4,962)	10/07/2018	(220)
LCH	43,970	(54,338)	10/07/2018	(2,952)
TCH	25,080	(31,110)	10/07/2018	(1,800)
Total				(5,161)

NOTES TO THE FINANCIAL STATEMENTS

Included under financial assets at fair value through profit or loss at 31 December 2017 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services:

	Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
ACH	2,883	(3,390)	10/01/2018	62
ECH	3,916	(4,606)	10/01/2018	82
LCH	48,970	(57,625)	10/01/2018	1,170
TCH	45,540	(53,506)	10/01/2018	1,171
Total				2,485

6. RELATED PARTY TRANSACTIONS

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

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

- Edmond de Rothschild (Suisse) SA: in its capacity as Swiss Paying Agent (annual fee €10,000; 2017 €10,000) and its capacity as Agent of the Company (from 29 May 2017). The total compensation payable to the Agent of the Company in respect of services performed during the period to 30 June 2018 amounted to US\$70,924 (31 December 2017: US\$241,598);
- Edmond de Rothschild Asset Management (Suisse) SA: in its capacity as Swiss Representative of the Company (annual fee €3,000; 2017: €3,000);
- KB Associates: as service provider to the Company (annual fee €189,000);
- Londinium Ltd: as service provider to the Company (annual fee €75,000).

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

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 for the period ended 30 June 2018 amounted to €170,100 (31 December 2017: €355,000).

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

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

7. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used for ECH: €1.00 = US\$1.1667 (2017: US\$1.2007) and for all other funds: €1.00 = US\$1.1650 (2017: US\$1.1998).

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

On 28 February 2018, the Company issued an updated prospectus reflecting the appointment of a new Investment Advisor to Asian Capital Holdings (“ACH”). As of that date, LCH Investments NV is the Investment Advisor of ACH.

9. SEGREGATION OF LIABILITY

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

10. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Directors consider that the size of LCH (Gold) and TCH (Gold) is below the optimum size. They also note that access to LCH and TCH continues to be available directly through LCH and TCH.

The Board of Directors, having consulted with the Investment Advisor, has therefore proposed to the Shareholders of LCH (Gold) and TCH (Gold) for these two funds to be terminated as of 28 September 2018.



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.

A portion of the assets of ACH are invested directly, as described in the prospectus.

From 1 March 2018, LCH Investments NV is the Investment Advisor of ACH and advises the fund on the selection of the investment managers. Its Investment Advisory Committee meets regularly to review and select managers in order to position ACH optimally in changing markets. Prior to 1 March 2018, ACH Investment Advisors SA was the Investment Advisor of ACH.

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

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

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

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

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

ASIAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class A – US\$	NAV per share Class B - € ²	Performance % ³
31/03/93*	49.52	-	-
31/12/93	67.93	-	37.2
31/12/94	57.38	-	(15.5)
31/12/95	57.21	-	(0.3)
31/12/96	60.25	-	5.3
31/12/97**	51.65	-	(14.3)
31/12/98**	43.64	-	(15.5)
31/12/99**	85.13	-	95.1
31/12/00**	64.80	-	(23.9)
31/12/01**	69.81	-	7.7
31/12/02**	68.53	-	(1.8)
31/12/03**	88.21	-	28.7
31/12/04**	94.38	-	7.0
31/12/05**	107.39	-	13.8
31/12/06**	118.62	-	10.5
31/12/07**	145.80	106.49	22.9
31/12/08**	90.17	65.98	(38.2)
31/12/09**	108.93	79.41	20.8
31/12/10**	117.92	85.55	8.3
31/12/11**	100.99	73.02	(14.4)
31/12/12**	107.84	77.35	6.8
31/12/13**	118.80	84.81	10.2
31/12/14**	127.54	91.15	7.4
31/12/15**	129.21	92.23	1.3
31/12/16**	124.27	87.37	(3.8)
31/12/17**	159.20	110.25	28.1
30/06/18**	158.01	108.00	(0.7)

* First valuation date

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

² Launched at €100.00 on 27 September 2007

³ Of Class A shares

Past performance is not necessarily a guide to future performance.

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

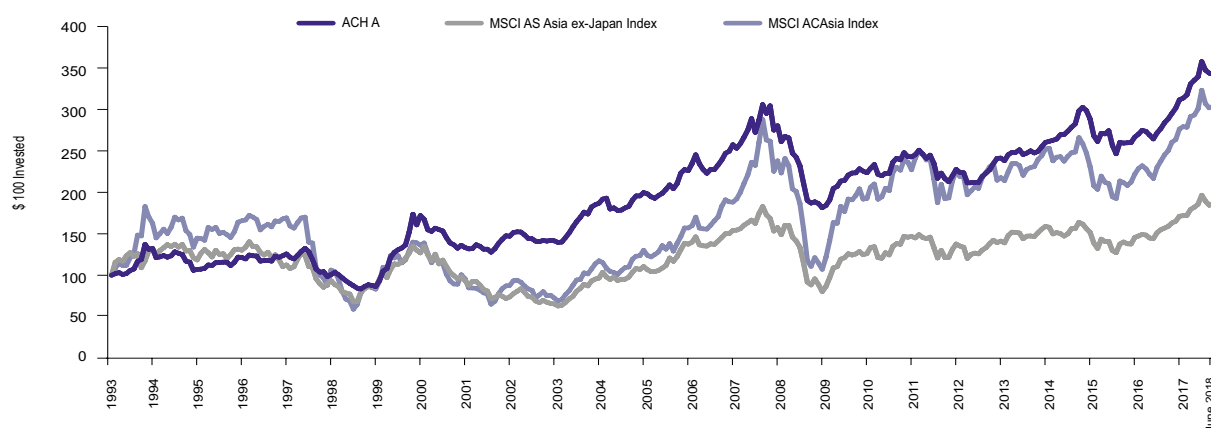
ASIAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	ACH % ⁴	Index % ⁵
6 months	(0.6)	(4.5)
1 year p.a.	11.9	7.4
3 years p.a.	4.1	4.3
5 years p.a.	6.9	4.9
Since Inception p.a.	4.9	2.3

⁴ Of Class A shares, adjusted for dividend payments

⁵ MSCI AC Asia Pacific Free

Value of US\$100 Invested



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

ASIAN CAPITAL HOLDINGS
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 US\$000	31/12/17 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	249,649	247,345
Due from investment companies and brokers	2	322	19,610
Other accounts receivable	2	331	27
Cash and cash equivalents	2, 3	<u>33,169</u>	<u>26,096</u>
Total assets		<u>283,471</u>	<u>293,078</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2,4	(189)	-
Due to investment companies and brokers	2	(3,306)	(396)
Advisory and performance fees payable	2	(4,026)	(7,046)
Other accounts payable and accrued expenses	2	<u>(80)</u>	<u>(79)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(7,601)</u>	<u>(7,521)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>(275,870)</u>	<u>(285,557)</u>
Total liabilities		<u>(283,471)</u>	<u>(293,078)</u>
Net asset value per Class A redeemable participating share		US\$158.01	US\$159.20
Net asset value per Class B redeemable participating share		€108.00	€110.25
Net asset value per Class X redeemable participating share		US\$160.53	US\$160.74

The notes on pages 48 to 54 are an integral part of these financial statements

ASIAN CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	11,531	6,477
- Change in unrealised gains/(losses)	6	(10,870)	17,630
Dividend income		763	594
Other income		189	136
Total income		1,613	24,837
Operating expenses			
Advisory and performance fees	7	(2,910)	(2,725)
Administration fees	8	(161)	(94)
Audit fees		(15)	(16)
Other operating expenses	9	(155)	(95)
Total operating expenses		(3,241)	(2,930)
Operating profit/(loss)		(1,628)	21,907
Finance costs			
Commitment fee relating to short term borrowings	3	(44)	(11)
Interest expense	2, 3	(13)	(14)
Total finance costs		(57)	(25)
Profit/(loss) before tax		(1,685)	21,882
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(1,685)	21,882

The notes on pages 48 to 54 are an integral part of these financial statements

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

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		285,557	-
Increase from transferred sub-fund		-	247,084
Increase from redeemable participating shares issued	5	7,341	1,666
Decrease due to redeemable participating shares repurchased	5	<u>(14,906)</u>	<u>(14,764)</u>
Net increase/(decrease) from share transactions		(7,565)	233,986
Distributions to shareholders		(437)	(459)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(1,685)</u>	<u>21,882</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>275,870</u>	<u>255,409</u>

ASIAN CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		(1,685)	21,882
Adjustments for:			
Other income		(189)	(136)
Finance costs		57	25
Net changes in:			
Other accounts receivable		(304)	(539)
Due from investment companies and brokers		19,288	-
Due to investment companies and brokers		2,910	1,047
Advisory and performance fees payable		(3,020)	4,040
Other accounts payable and accrued expenses		-	151
Increase in financial net assets due to transfer from sub-fund		-	(247,084)
Increase in financial assets at fair value through profit or loss		(2,304)	583
Increase in financial liabilities at fair value through profit or loss		189	-
Other income received		189	136
Finance costs paid		(57)	(25)
Net cash from operating activities		15,074	(219,920)
Cash flows from financing activities			
Proceeds from redeemable participating shares issued		7,341	248,750
Paid on redeemable participating shares repurchased		(14,906)	(14,764)
Distributions paid		(436)	(458)
Net cash from financing activities		(8,001)	233,528
Net increase/(decrease) in cash and cash equivalents		7,073	13,608
Cash and cash equivalents at 1 January		26,096	-
Cash and cash equivalents at 30 June	2, 3	33,169	13,608

The notes on pages 48 to 54 are an integral part of these financial statements

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	29,002	24,692
Cash CHF	27	-
Cash €	-	53
Cash HK\$	4,140	170
Cash SG\$	-	1,181
Total cash and cash equivalents	33,169	26,096

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 BNP Paribas, Dublin Branch, on which ACH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €9.5 million.

ACH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period ACH had drawn an amount of nil.

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

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

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

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

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

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

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

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	69,278	-	69,278
Diversified Asian Strategies	-	36,199	-	36,199
Greater China	-	86,850	-	86,850
Total investment companies	-	192,327	-	192,327
Common stock	38,812	-	-	38,812
Corporate debt	871	-	-	871
Warrants	-	17,639	-	17,639
Total financial assets at fair value through profit or loss	39,683	209,966	-	249,649

The following is a summary of the financial liabilities at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(189)	-	(189)
Total financial liabilities at fair value through profit or loss	-	(189)	-	(189)

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Asia	-	61,476	-	61,476
Diversified Asian Strategies	-	35,064	-	35,064
Greater China	-	78,999	-	78,999
Total investment companies	-	175,539	-	175,539
Common stock	58,195	-	-	58,195
Corporate debt	931	-	-	931
Forward FX contracts	-	62	-	62
Warrants	-	12,618	-	12,618
Total financial assets at fair value through profit or loss	59,126	188,219	-	247,345

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	322	-	322
Other accounts receivable	-	331	-	331
Cash and cash equivalents	33,169	-	-	33,169
Total	33,169	653	-	33,822
Liabilities				
Due to investment companies and brokers	-	(3,306)	-	(3,306)
Advisory and performance fees payable	-	(4,026)	-	(4,026)
Other accounts payable and accrued expenses	-	(80)	-	(80)
Total	-	(7,412)	-	(7,412)

The following table analyses within the fair value hierarchy ACH's assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	19,610	-	19,610
Other accounts receivable	-	27	-	27
Cash and cash equivalents	26,096	-	-	26,096
Total	26,096	19,637	-	45,733
Liabilities				
Due to investment companies and brokers	-	(396)	-	(396)
Advisory and performance fees payable	-	(7,046)	-	(7,046)
Other accounts payable and accrued expenses	-	(79)	-	(79)
Total	-	(7,521)	-	(7,521)

4.b. Condensed schedule of investments

A condensed schedule of investments of ACH as at 30 June 2018 was:

	30/06/18 US\$000	% of NAV
Tree Line Asia Fund	49,954	18.1
HDH Master Fund	36,199	13.1
Golden China Fund	22,155	8.0
SPQ Asia Opportunities Fund Limited	19,025	6.9
Other investments	122,316	44.3
Total financial assets at fair value through profit or loss	249,649	

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

A condensed schedule of investments of ACH as at 31 December 2017 was:

	31/12/17 US\$000	% of NAV
Tree Line Asia Fund	52,010	18.2
HDH Master Fund	35,064	12.3
Golden China Fund	21,363	7.5
SPQ Asia Opportunities Fund Limited	18,456	6.5
China Alpha II Fund Ltd	18,203	6.4
Other investments	<u>102,249</u>	35.8
Total financial assets at fair value through profit or loss	<u>247,345</u>	

4.c. Forward foreign exchange contracts

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

Included under financial liabilities at fair value through profit or loss at 30 June 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	2,600	(3,220)	10/07/18	<u>(189)</u>
Total				<u>(189)</u>

Included under financial assets at fair value through profit or loss at 31 December 2017 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	2,883	(3,390)	10/01/18	<u>62</u>
Total				<u>62</u>

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the period to 30 June 2018 is summarised below:

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

The data relating to the net asset value of redeemable participating shares of ACH and the number of shares in issue during the period to 30 June 2017 is summarised below:

US\$000	Class A	Class B	Class X	Total
Redeemable participating shares at 1 March 2017	-	-	-	-
Increase from transferred sub-fund	241,355	4,114	-	245,469
Subscriptions	611	53	1,002	1,666
Redemptions	(13,738)	(1,026)	-	(14,764)
Distributions	(449)	(8)	(2)	(459)
Net increase in redeemable participating shares resulting from operations	23,037	394	66	23,497
Redeemable participating shares at 30 June 2017 – US\$	250,816	3,527	1,066	255,409
Redeemable participating shares at 30 June 2017 – €	-	3,093	-	-
Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2017	-	-	-	-
Increase from transferred sub-fund	1,867,861	41,013	-	1,908,874
Subscriptions	4,685	520	7,500	12,705
Redemptions	(102,516)	(10,295)	-	(112,811)
Shares outstanding at 30 June 2017	1,770,030	31,238	7,500	1,808,768
Net asset value per redeemable participating share at 30 June 2017	US\$141.70	€ 99.02	US\$142.14	-

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	11,746	6,558
Realised loss on financial assets and liabilities at fair value through profit or loss	(215)	(81)
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	11,531	6,477
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	9,081	17,630
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(19,951)	-
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(10,870)	17,630
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	661	24,107

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

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	(2,422)	(1,416)
Performance fees	(488)	(1,309)
Total	(2,910)	(2,725)

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

The Investment Manager of the sub-account is entitled to an amount in cash of 0.75% per annum of the net asset value of the sub-account and payable quarterly.

LCH Investment NV (up to 28 Februari 2018 ACH Investment Advisors SA) is entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of Class A Shares and Class B Shares (taking into account realised and unrealised gains and losses, and expenses) subject to a “high water mark” provision and adjusted to exclude the portion of the performance that is attributable to the sub-account. This means that no performance fee is accrued or paid until the NAV per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

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

ASIAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

8. ADMINISTRATION FEES

The Administrator fees are calculated based on the net assets of ACH at the last business day of each month. The per annum fee rates were as follows: 0.075% on the first US\$200 million, 0.06% on the next US\$200 million and 0.05% on net assets in excess of US\$400 million. The net assets of ACH for this purpose shall exclude the amount of ACH's investment in its sub-account.

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Directors fees	(40)	(14)
Depositary fees	(25)	(15)
Legal fees	(2)	(9)
Paying agent fees	(22)	-
Regulatory fees	(2)	(1)
Miscellaneous expenses	(64)	(56)
Total	(155)	(95)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: US\$1.1968).



DISCOVERY CAPITAL HOLDINGS
PROFILE

Discovery Capital Holdings (DCH) is a two tier open-end investment company based in Ireland.

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

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

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

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

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

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

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

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

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

For the convenience of investors, the shares of DCH may be traded over the counter in London. However, DCH is not a party to and is not responsible for such secondary market transactions. Investors may purchase and sell through banks and brokers throughout the world.

DISCOVERY CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class A - US\$	NAV per share Class C - US\$	Performance ³ %
31/01/00†	500.00		
31/12/00	641.18		28.2
31/12/01	708.40		10.5
31/12/02	713.43		0.7
31/12/03	832.33		16.7
31/12/04	1,072.03		28.8
31/12/05	1,244.88		16.1
31/12/06	1,352.46		8.6
31/12/07	1,681.60		24.3
31/12/08	1,370.74		(18.5)
31/12/09	1,271.57		(7.2)
31/12/10	1,363.49		7.2
31/12/11	1,368.98		0.4
31/12/12	1,594.03		16.4
31/12/13††	188.16		18.0
31/12/14	185.60		(1.4)
31/12/15	177.17		(4.5)
31/12/16	184.02		3.9
31/12/17	204.46		11.1
30/06/18	213.81	214.21	4.6

	DCH ³ %	S&P500 ² %
6 months	4.6	2.4
1 year p.a.	11.8	13.7
3 years p.a.	4.5	11.2
5 years p.a.	4.3	12.7
Since Inception p.a.	8.2	5.1

² S&P500 (70% dividend reinvested)

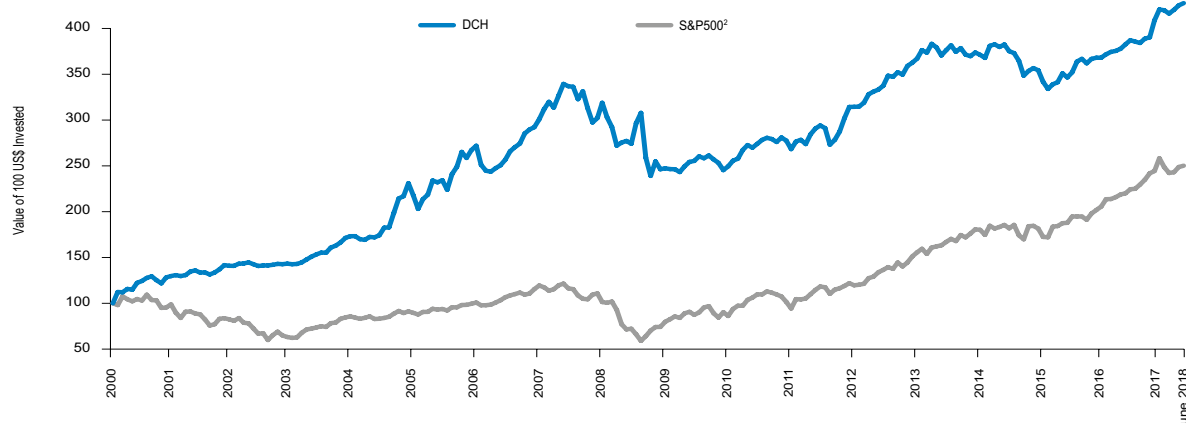
³ Of Class A US\$ shares

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

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

Past performance is not necessarily a guide to future performance.

Value of US\$100 Invested



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

DISCOVERY CAPITAL HOLDINGS
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/2018 US\$000	31/12/2017 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	134,430	101,387
Due from investment companies and brokers	2	143	29,289
Prepayments on investments		5,000	-
Cash and cash equivalents	2, 3	<u>15,358</u>	<u>1,791</u>
Total assets		<u>154,931</u>	<u>132,467</u>
Liabilities			
Current liabilities			
Subscriptions received in advance		(6,987)	-
Advisory and performance fees payable	2	(630)	(902)
Other accounts payable and accrued expenses	2	<u>(43)</u>	<u>(50)</u>
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(7,660)</u>	<u>(952)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>(147,271)</u>	<u>(131,515)</u>
Total liabilities		<u>(154,931)</u>	<u>(132,467)</u>
Net asset value per Class A redeemable participating share		US\$213.81	US\$204.46
Net asset value per Class C redeemable participating share		US\$214.21	-
Net asset value per Class X redeemable participating share		US\$214.13	-

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

DISCOVERY CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	2,804	577
- Change in unrealised gains/(losses)	6	4,180	7,724
Interest income		78	12
Total income/(loss)		7,062	8,313
Operating expenses			
Advisory and performance fees	7	(1,208)	(1,436)
Administrator fees	8	(67)	(88)
Audit fees		(18)	(12)
Other operating expenses	9	(69)	(65)
Total operating expenses		(1,362)	(1,601)
Operating profit/(loss)		5,700	6,712
Finance costs			
Commitment fee relating to short term borrowings		(53)	(37)
Interest expense		(10)	-
Total finance costs		(63)	(37)
Profit/(loss) before tax		5,637	6,675
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		5,637	6,675

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

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

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		131,515	176,055
Increase from redeemable participating shares issued	5	31,000	905
Decrease due to redeemable participating shares repurchased	5	<u>(20,881)</u>	<u>(15,358)</u>
Net increase/(decrease) from share transactions		10,119	(14,453)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>5,637</u>	<u>6,675</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>147,271</u>	<u>168,277</u>

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

DISCOVERY CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		5,637	6,675
Adjustments for:			
Finance costs		63	37
Net changes in:			
Other accounts receivable		-	(10)
Due from investment companies and brokers		29,146	5,598
Prepayments on investments		(5,000)	(3,000)
Advisory and performance fees payable		(272)	130
Other accounts payable and accrued expenses		(7)	9
Increase in financial assets at fair value through profit or loss		(33,043)	(7,755)
Finance costs paid		(63)	(37)
Net cash from operating activities		(3,539)	1,647
Cash flows from financing activities			
Proceeds from redeemable participating shares issued		37,987	5,978
Paid on redeemable participating shares repurchased		(20,881)	(15,358)
Net cash from financing activities		17,106	(9,380)
Net increase/(decrease) in cash and cash equivalents		13,567	(7,733)
Cash and cash equivalents at 1 January		1,791	15,142
Cash and cash equivalents at 30 June	2, 3	15,358	7,409

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

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

At	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	15,358	1,791
Total cash and cash equivalents	15,358	1,791

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 BNP Paribas, Dublin Branch, on which DCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €13 million.

DCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period DCH had drawn an amount of nil (31 December 2017: nil).

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

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

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

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

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

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

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

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	134,430	-	134,430
Total financial assets at fair value through profit or loss	-	134,430	-	134,430

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Emerging Managers	-	101,387	-	101,387
Total financial assets at fair value through profit or loss	-	101,387	-	101,387

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	143	-	143
Prepayments on investments	-	5,000	-	5,000
Cash and cash equivalents	15,358	-	-	15,358
Total	15,358	5,143	-	20,501
Liabilities				
Subscriptions received in advance	-	(6,987)	-	(6,987)
Advisory and performance fees payable	-	(630)	-	(630)
Other accounts payable and accrued expenses	-	(43)	-	(43)
Total	-	(7,660)	-	(7,660)

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy DCH's assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	29,289	-	29,289
Cash and cash equivalents	1,791	-	-	1,791
Total	1,791	29,289	-	31,080
Liabilities				
Advisory and performance fees payable	-	(902)	-	(902)
Other accounts payable and accrued expenses	-	(50)	-	(50)
Total	-	(952)	-	(952)

4.b. Condensed schedule of investments

A condensed schedule of investments of DCH as at 30 June 2018 was:

	30/06/18 US\$000	% of NAV
Armistice Capital Offshore Fund Ltd	17,493	11.9
Castle Hook Offshore Fund Ltd	17,305	11.8
Freshford Fund Ltd	15,687	10.7
Indaba Capital Partners (Cayman) LP	14,240	9.7
Honeycomb Offshore Fund Ltd	13,857	9.4
Blockhouse Partners Offshore Fund Ltd	12,448	8.5
TBC Offshore Ltd	11,826	8.0
Two Creeks Capital Offshore Fund Ltd	11,696	7.9
Bishop Rock Opportunity Offshore Fund Ltd	11,154	7.6
Other investments	8,724	5.9
Total financial assets at fair value through profit or loss	134,430	

A condensed schedule of investments of DCH as at 31 December 2017 was:

	31/12/17 US\$000	% of NAV
Indaba Capital Partners (Cayman) LP	18,221	13.9
Armistice Capital Offshore Fund Ltd	15,565	11.8
Two Creeks Capital Offshore Fund Ltd	12,024	9.1
Castle Hook Offshore Fund Ltd	11,532	8.8
TBC Offshore Ltd	10,960	8.3
Blockhouse Partners Offshore Fund Ltd	10,743	8.2
Other investments	22,342	17.0
Total financial assets at fair value through profit or loss	101,387	

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 30 June 2018 are summarised below:

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

The data relating to the net asset value of redeemable participating shares of DCH and the number of shares in issue during the period to 30 June 2017 are summarised below:

US\$000	Class A	Class C	Class X	Total
Redeemable participating shares at 1 January 2017	176,055	-	-	176,055
Subscriptions	905	-	-	905
Redemptions	(15,358)	-	-	(15,358)
Net increase in redeemable participating shares resulting from operations	6,675	-	-	6,675
Redeemable participating shares at 30 June 2017 - US\$	168,277	-	-	168,277
Shares	Class A	Class C	Class X	Total
Shares outstanding at 1 January 2017	956,696	-	-	956,696
Subscriptions	4,918	-	-	4,918
Redemptions	(82,052)	-	-	(82,052)
Shares outstanding at 30 June 2017	879,562	-	-	879,562
Net asset value per redeemable participating share at 30 June 2017	US\$191.32	-	-	US\$191.32

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	3,696	577
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(892)</u>	<u>-</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	2,804	577
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	16,606	7,724
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(12,426)</u>	<u>-</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	4,180	7,724
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	6,984	8,301

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	(923)	(1,291)
Performance fees	<u>(285)</u>	<u>(145)</u>
Total	(1,208)	(1,436)

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

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

DCH set a new high water mark as at 31 December 2017.

8. ADMINISTRATION FEES

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

DISCOVERY CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Directors fees	(26)	(8)
Depositary fees	(18)	(19)
Legal fees	(1)	(4)
Regulatory fees	(2)	(2)
Miscellaneous expenses	(22)	(32)
Total	(69)	(65)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: US\$1.998).



EUROPEAN CAPITAL HOLDINGS PROFILE

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

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

The recommendation of investment managers is entrusted to the Investment Advisory Committee of the Advisory Company, whose members meet regularly to review and select managers in order to position ECH optimally in changing markets. The managers will generally be based or have an operation conducting investment research in Europe.

ECH started operating on 2 November 1998 in Luxembourg (as European Capital Holdings Sicav) and transferred its assets and liabilities to a sub-fund of the Company on 23 December 2014.

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

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

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

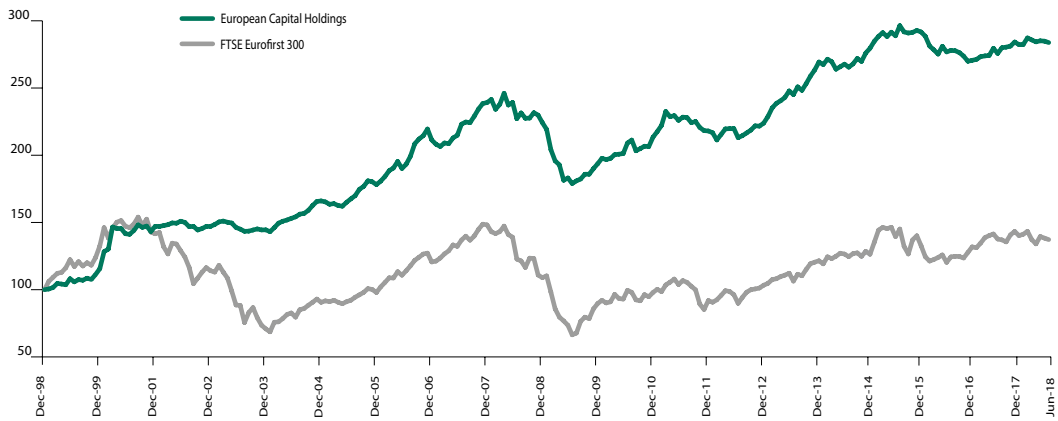
EUROPEAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class B - €	Performance %
02/11/98*	100.00	-
31/12/98	101.61	1.6
31/12/99	128.32	26.3
31/12/00	147.11	14.6
31/12/01	147.02	(0.1)
31/12/02	145.20	(1.2)
31/12/03	158.98	9.5
31/12/04	174.69	9.9
31/12/05	199.30	14.1
31/12/06	223.12	12.0
31/12/07	239.27	7.2
31/12/08	181.36	(24.2)
31/12/09	200.44	10.5
31/12/10	232.59	16.0
31/12/11	211.35	(9.1)
31/12/12	228.72	8.2
31/12/13	269.37	17.8
31/12/14	279.56	3.8
31/12/15	291.69	4.3
31/12/16	270.60	(7.2)
31/12/17	282.33	4.3
30/06/18	283.80	0.5
*Inception		

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

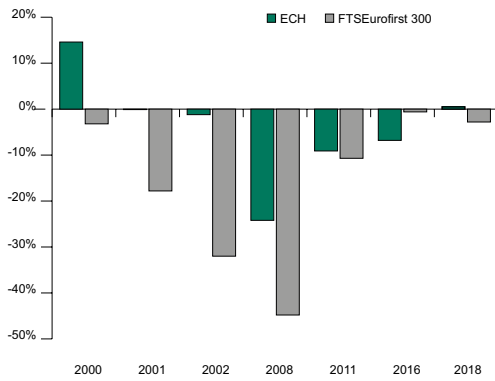
EUROPEAN CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	ECH %	Index %
6 months	0.5	(2.8)
1 year p.a.	2.9	(0.3)
3 years p.a.	(0.6)	(0.5)
5 years p.a.	3.0	5.2
Since Inception p.a.	5.4	1.6

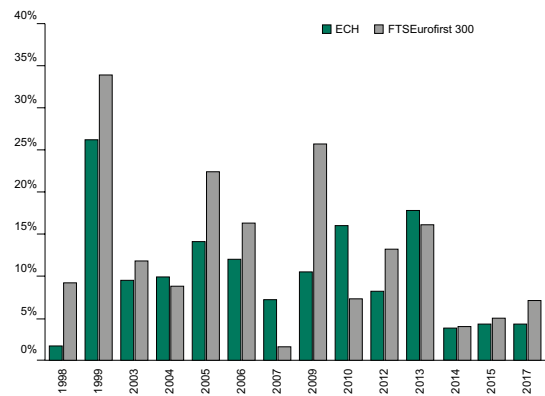


Index FTSEurofirst 300 Index

ECH Performance in Down Markets



Performance of ECH in Up Markets



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

EUROPEAN CAPITAL HOLDINGS
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 €000	31/12/17 €000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	156,720	157,991
Due from investment companies and brokers	2	-	11,562
Other accounts receivable	2	-	25
Cash and cash equivalents	2, 3	14,413	10,810
Total assets		<u>171,133</u>	<u>180,388</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	(220)	-
Short term borrowings	2, 3	(6,000)	-
Advisory and performance fees payable	2, 6	(622)	(210)
Other accounts payable and accrued expenses	2	(40)	(54)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(6,882)</u>	<u>(264)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>(164,251)</u>	<u>(180,124)</u>
Total liabilities		<u>(171,133)</u>	<u>(180,388)</u>
Net asset value per redeemable participating share (Class B)		€283.80	€282.33
Net asset value per redeemable participating share (Class Y)		€290.18	€286.89

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

EUROPEAN CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 €000	2017 €000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(1,914)	8,194
- Change in unrealised gains/(losses)	6	4,427	(2,329)
Fee rebate		11	227
Surplus on repurchase of own shares	5	30	95
Other income		56	60
Total income/(loss)		2,610	6,247
Operating expenses			
Advisory and performance fees	7	(1,267)	(1,624)
Administration fees	8	(81)	(81)
Audit fees		(25)	(15)
Other operating expenses	9	(106)	(104)
Total operating expenses		(1,479)	(1,824)
Operating profit/(loss)		1,131	4,423
Finance costs			
Commitment fee relating to short term borrowings	3	(61)	(42)
Interest expense	2, 3	(42)	(59)
Total finance costs		(103)	(101)
Profit/(loss) before tax		1,028	4,322
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		1,028	4,322

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

For the period ended 30 June	Notes	2018 €000	2017 €000
Net assets attributable to holders of redeemable participating shares at 1 January		180,124	259,171
Increase from redeemable participating shares issued	5	586	128
Decrease due to redeemable participating shares repurchased	5	<u>(17,487)</u>	<u>(70,866)</u>
Net increase/(decrease) from share transactions		(16,901)	(70,738)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>1,028</u>	<u>4,322</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>164,251</u>	<u>192,755</u>

EUROPEAN CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 €000	2017 €000
Cash flows from operating activities			
Profit/(loss) before tax		1,028	4,322
Adjustments for:			
Other income		(56)	(60)
Finance costs		103	101
Net changes in:			
Due from investment companies and brokers		11,562	13,000
Other accounts receivable		25	(20)
Redemptions received in advance		-	257
Advisory and performance fees payable		412	(128)
Other accounts payable and accrued expenses		(14)	(6)
Financial assets at fair value through profit or loss		1,271	45,471
Financial liabilities at fair value through profit or loss		220	(194)
Other income received		56	60
Finance costs paid		(103)	(101)
Net cash from operating activities		14,504	62,702
Cash flows from financing activities			
Short term borrowings		6,000	-
Proceeds from redeemable participating shares issued		586	128
Paid on redeemable participating shares repurchased		(17,487)	(70,866)
Net cash from financing activities		(10,901)	(70,738)
Net increase/(decrease) in cash and cash equivalents		3,603	(8,036)
Cash and cash equivalents at 1 January		10,810	10,571
Cash and cash equivalents at 30 June	2, 3	14,413	2,535

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

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 €000	31/12/17 €000
Cash at bank:		
Cash €	14,413	10,810
Net cash and cash equivalents	14,413	10,810

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 BNP Paribas, Dublin Branch, on which ECH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €20 million.

ECH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period ECH had drawn an amount of €6 million (31 December 2017: nil).

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

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

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

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

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

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

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

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	4,850	13,703	360	18,913
Equity Long/Short	-	133,504	-	133,504
Macro	-	3,799	-	3,799
Investment companies in run-off	-	-	504	504
Total investment companies	4,850	151,006	864	156,720
Total financial assets at fair value through profit or loss	4,850	151,006	864	156,720

The following is a summary of the financial liabilities at fair value through profit or loss as at 30 June 2018:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Forward FX contracts	-	(220)	-	(220)
Total financial liabilities at fair value through profit or loss	-	(220)	-	(220)

The following table presents the movement of Level 3 investments for the period ended 30 June 2018 by category of investment:

For the period ended	Equity Long €000	Investment companies in run-off €000	Total €000
Opening balance	350	505	855
Purchases	-	-	-
Sales	-	-	-
Gains/(losses) recognised	10	(1)	9
Closing balance	360	504	864

During the period ended 30 June 2018, 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 2017:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Investment companies:				
Equity Long	4,930	11,734	350	17,014
Equity Long/Short	-	136,884	-	136,884
Macro	-	3,506	-	3,506
Investment companies in run-off	-	-	505	505
Total investment companies	4,930	152,124	855	157,909
Forward FX contracts	-	82	-	82
Total financial assets at fair value through profit or loss	4,930	152,206	855	157,991

The following table presents the movement of Level 3 investments for the year ended 31 December 2017 by category of investment:

For the year ended	Equity Long €000	Investment companies in run-off €000	Total €000
Opening balance	398	1,915	2,313
Purchases	-	1,884	1,884
Sales	-	(4,025)	(4,025)
Gains/(losses) recognised	(48)	731	683
Closing balance	350	505	855

During the year ended 31 December 2017 there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy ECH's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets				
Cash and cash equivalents	14,413	-	-	14,413
Total	14,413	-	-	14,413
Liabilities				
Short term borrowings	(6,000)	-	-	(6,000)
Advisory and performance fees payable	-	(622)	-	(622)
Other accounts payable and accrued expenses	-	(40)	-	(40)
Total	(6,000)	(662)	-	(6,662)

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy ECH's assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets				
Due from investment companies and brokers	-	11,562	-	11,562
Other accounts receivable	-	25	-	25
Cash and cash equivalents	10,810	-	-	10,810
Total	10,810	11,587	-	22,397
Liabilities				
Advisory and performance fees payable	-	(210)	-	(210)
Other accounts payable and accrued expenses	-	(54)	-	(54)
Total	-	(264)	-	(264)

4.b. Condensed schedule of investments

A condensed schedule of investments of ECH as at 30 June 2018 was:

	30/06/18 €000	% of NAV
The Adelphi Europe Fund	26,686	16.2
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	24,089	14.7
MW Eureka Fund	22,171	13.5
Memnon European Fund	13,703	8.3
Lansdowne Developed Markets Fund Ltd	12,546	7.6
Sand Grove Opportunities Fund Ltd	11,933	7.3
Ronit Global Opportunities Fund Ltd	10,535	6.4
Blackrock UK Emerging Companies	10,169	6.2
DL Partners Opportunities Fund Ltd	8,841	5.4
Other investments	16,047	9.7
Total financial assets at fair value through profit or loss	156,720	

A condensed schedule of investments of ECH as at 31 December 2017 was:

	31/12/17 €000	% of NAV
The Adelphi Europe Fund	25,867	14.4
Egerton Long-Short Fund (EUR, GBP & NOK) Ltd	22,682	12.6
MW Eureka Fund	21,157	11.7
Perdurance Neutral Fund Ltd	16,960	9.4
Lansdowne Developed Markets Fund Ltd	12,481	6.9
Memnon European Fund	11,734	6.5
Ronit Global Opportunities Fund Ltd	11,054	6.1
Sand Grove Opportunities Fund Ltd	10,959	6.1
Other investments	25,097	13.9
Total financial assets at fair value through profit or loss	157,991	

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4.c. Forward foreign exchange contracts

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

Included under financial liabilities at fair value through profit or loss at 30 June 2018 is the following forward foreign exchange contract that was outstanding with BNP Paribas Securities Services:

Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) €000
4,030	(4,962)	10/07/2018	<u>(220)</u>
Total			<u>(220)</u>

Included under financial assets at fair value through profit or loss at 31 December 2017 is the following forward foreign exchange contract that was outstanding with BNP Paribas Securities Services:

Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) €000
3,916	(4,606)	10/01/2018	<u>82</u>
Total			<u>82</u>

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of ECH and the number of shares in issue during the period to 30 June 2018 is summarised below:

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

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The data relating to the net asset value of redeemable participating shares of ECH and the number of shares in issue during the period to 30 June 2017 is summarised below:

€000	Class B	Class Y	Total
Redeemable participating shares at 1 January 2017	255,724	3,447	259,171
Subscriptions	128	-	128
Redemptions	(70,866)	-	(70,866)
Net increase in redeemable participating shares resulting from operations	<u>4,235</u>	<u>87</u>	<u>4,322</u>
Redeemable participating shares at 30 June 2017	<u>189,221</u>	<u>3,534</u>	<u>192,755</u>
Shares outstanding at 1 January 2017	945,007	12,698	957,705
Subscriptions	470	-	470
Redemptions	<u>(259,167)</u>	<u>-</u>	<u>(259,167)</u>
Shares outstanding at 30 June 2017	<u>686,310</u>	<u>12,698</u>	<u>699,008</u>
Net asset value per redeemable participating share at 30 June 2017	€275.71	€278.30	

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

For the period ended 30 June	2018 €000	2017 €000
Realised gain on financial assets and liabilities at fair value through profit or loss	242	8,446
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(2,156)</u>	<u>(252)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(1,914)	8,194
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	9,602	510
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(5,175)</u>	<u>(2,839)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>4,427</u>	<u>(2,329)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>2,513</u>	<u>5,865</u>

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 €000	2017 €000
Advisory fees	<u>(1,267)</u>	<u>(1,624)</u>
Total	<u>(1,267)</u>	<u>(1,624)</u>

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

The Investment Adviser is entitled to a performance fee calculated in respect of each calendar year payable in cash of 5% of the net realised and unrealised appreciation in the NAV of class B Shares (taking into account realised and unrealised gains and losses, and expenses)

EUROPEAN CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

subject to a “high water mark” provision. This means that no performance fee is accrued or paid until the Net Asset Value per Share on which the performance fee was previously accrued and paid has been surpassed. This fee will accrue daily and be payable at the end of the financial year to which such fee relates (or upon a redemption with respect to redeemed Shares).

The current high water mark for Class B Shares amounts to €291.69 per share which means that the net asset value per share needs to appreciate by 2.8% before a performance fee will be charged.

8. ADMINISTRATION FEES

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

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 €000	2017 €000
Directors fees	(25)	(40)
Depositary fees	(21)	(22)
Paying agent fees	(16)	(11)
Regulatory fees	(1)	(6)
Legal fees	(2)	(6)
Miscellaneous expenses	(41)	(19)
Total	(106)	(104)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1667 (31 December 2017: US\$1.2007).



LEVERAGED CAPITAL HOLDINGS PROFILE

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

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

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

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

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

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

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

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

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

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

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

LEVERAGED CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

	LCH		S&P 500		S&P 500 ²	
	NAV per share US\$	Performance ³ %	Index US\$	Performance %	Index US\$	Performance %
1969†	19.10	-	93.81	-	93.81	-
1969	19.70	-	92.06	-	92.26	-
1970	16.80	-15	92.15	-	94.79	+3
1971	20.28	+21	102.09	+11	107.29	+13
1972	22.99	+13	118.05	+16	126.55	+18
1973	22.48	-2	97.55	-17	106.95	-15
1974	23.82	+6	68.56	-30	77.71	-27
1975	27.25	+14	90.19	+32	105.25	+35
1976	34.30	+26	107.46	+19	128.82	+22
1977	36.46	+6	95.10	-12	117.93	-8
1978	45.09	+24	96.11	+1	123.70	+5
1979	65.72	+46	107.94	+12	144.33	+17
1980	107.79	+64	135.76	+26	188.23	+30
1981	96.44	-11	122.55	-10	176.20	-6
1982	129.90	+35	140.64	+15	210.51	+19
1983	159.10	+22	164.93	+17	254.59	+21
1984	153.79	-3	167.24	+1	266.79	+5
1985	202.63	+32	211.28	+26	347.05	+30
1986	231.06	+14	242.17	+15	407.58	+17
1987	239.52	+4	247.08	+2	425.00	+4
1988	267.66	+12	277.72	+12	489.98	+15
1989	350.38	+31	353.40	+27	638.47	+30
1990	340.53	-3	330.22	-7	611.99	-4
1991	462.90	+36	417.09	+26	790.48	+29
1992	543.15	+17	435.71	+4	843.29	+7
1993††	66.71	+23	466.45	+7	919.32	+9
1994	59.23	-11	459.27	-2	924.73	+1
1995	77.39	+31	615.93	+34	1,262.00	+36
1996	93.29	+21	740.74	+20	1,541.34	+22
1997	113.35	+22	970.43	+31	2,044.53	+33
1998	124.37	+10	1,229.23	+27	2,617.03	+28
1999	168.66	+36	1,469.25	+20	3,155.61	+21
2000	161.03	-5	1,320.28	-10	2,858.53	-9
2001	154.20	-4	1,148.08	-13	2,509.09	-12
2002	147.24	-5	879.72	-23	1,945.14	-22
2003	165.02	+12	1,111.92	+26	2,489.34	+28
2004	182.31	+10	1,211.92	+9	2,745.81	+10
2005	199.14	+9	1,248.29	+3	2,864.79	+4
2006	219.47	+10	1,418.30	+14	3,298.22	+15
2007	276.32	+26	1,468.36	+4	3,459.78	+5
2008	209.21	-24	903.25	-38	2,164.34	-37
2009	241.78	+16	1,115.10	+23	2,717.54	+26
2010	274.54	+14	1,257.64	+13	3,108.59	+14
2011	244.96	-11	1,257.60	-	3,153.86	+1
2012	266.13	+9	1,426.19	+13	3,633.48	+15
2013	306.07	+15	1,848.36	+30	4,779.04	+32
2014	316.54	+3	2,058.90	+11	5,398.91	+13
2015	295.89	-7	2,043.94	-1	5,439.21	+1
2016	281.51	-5	2,238.83	+10	6,048.70	+11
2017	303.26	+8	2,673.61	+19	7,323.89	+21
30/06/2018	304.31	0	2,718.37	+2	7,496.45	+2

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

² 70% dividends reinvested.

³ of Class A US\$ shares.

† Inception at 30 November 1969

†† Split of 10 for 1 on 17 February 1993

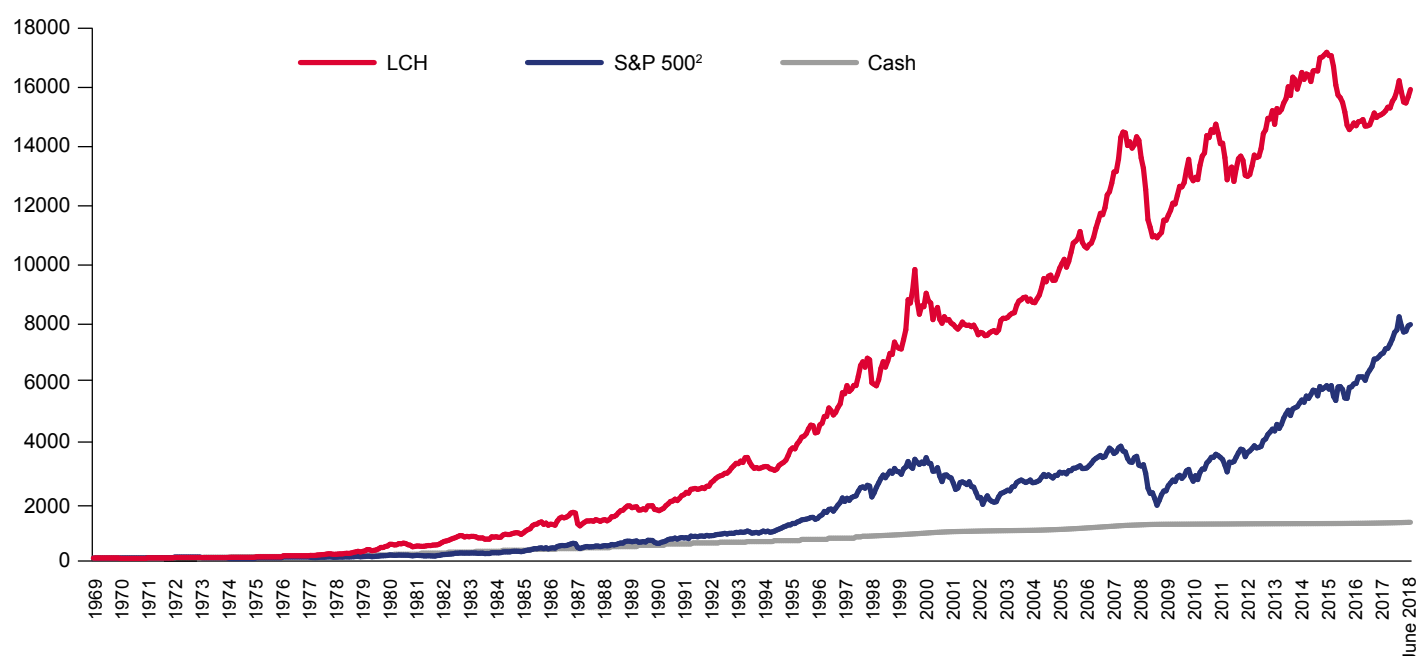
**LEVERAGED CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹**

	LCH %	S&P500 ² %	Cash ³ %
6 months	0.3	2.4	1.1
1 year p.a.	5.3	13.7	1.8
3 years p.a.	(2.3)	11.2	1.1
5 years p.a.	1.5	12.7	0.8
Since Inception p.a.	11.0	9.4	5.4
Value of US\$100 since inception	US\$15,932	US\$7,991	US\$1,310

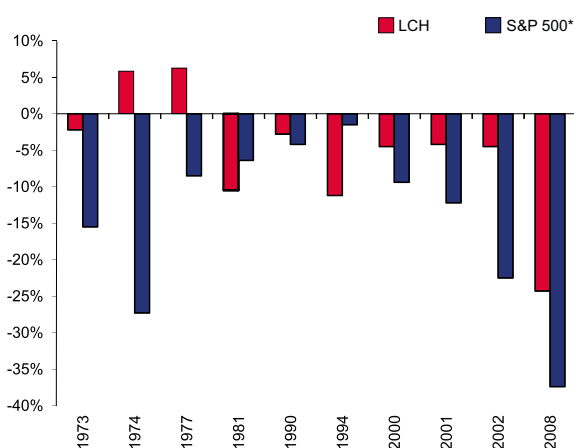
² S&P 500 (70% dividends reinvested)

³ 3 month US\$ Libor

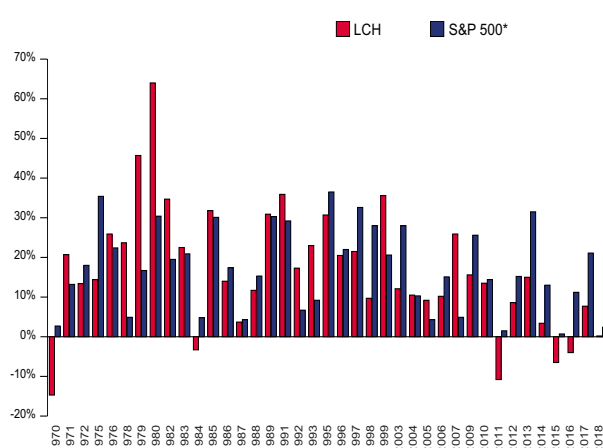
Value of US\$100 Invested at Inception



LCH Performance in Down Markets



LCH Performance in Up Markets



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

LEVERAGED CAPITAL HOLDINGS
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 US\$000	31/12/17 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	346,554	359,527
Due from investment companies and brokers	2	-	88,243
Other accounts receivable	2	543	676
Cash and cash equivalents	2, 3	6,182	2,818
Total assets		353,279	451,264
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	(2,952)	-
Short term borrowings	2, 3	-	(16,000)
Shareholder redemptions payable		(244)	(1,506)
Advisory and performance fees payable	2	(1,319)	(511)
Other accounts payable and accrued expenses	2	(73)	(159)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(4,588)	(18,176)
Net assets attributable to holders of redeemable participating shares	2, 5	(348,691)	(433,088)
Total liabilities		(353,279)	(451,264)
Net asset value per Class A redeemable participating share		US\$304.31	US\$303.26
Net asset value per Class B redeemable participating share		€214.81	€217.18
Net asset value per Class X redeemable participating share		US\$304.61	-

The notes on pages 91 to 97 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	2,368	(7,837)
- Change in unrealised gains/(losses)	6	(1,851)	29,780
Interest income	2	53	39
Fee rebate		1,082	1,630
Surplus on repurchase of own shares	5	288	706
Other income		4	9
Total income		1,944	24,327
Operating expenses			
Advisory and performance fees	7	(2,728)	(3,883)
Administration fees	8	(131)	(131)
Audit fees		(72)	(100)
Other operating expenses	9	(232)	(209)
Total operating expenses		(3,163)	(4,323)
Operating profit/(loss)		(1,219)	20,004
Finance costs			
Commitment fee relating to short term borrowings	3	(138)	(111)
Interest expense	2, 3	(1)	(1)
Loan interest expense	6	(31)	(1,141)
Total finance costs		(170)	(1,253)
Profit/(loss) before tax		(1,389)	18,751
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(1,389)	18,751

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

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

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		433,088	595,645
Increase from redeemable participating shares issued	5	4,186	1,080
Decrease due to redeemable participating shares repurchased	5	<u>(87,194)</u>	<u>(120,403)</u>
Net increase/(decrease) from share transactions		(83,008)	(119,323)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(1,389)</u>	<u>18,751</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>348,691</u>	<u>495,073</u>

LEVERAGED CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		(1,389)	18,751
Adjustments for:			
Interest income		(53)	(39)
Surplus on repurchase of own shares		(288)	-
Other income		(4)	(9)
Finance costs		170	1,253
Foreign exchange (gains)/losses on cash and cash equivalents		28	(4,337)
Net changes in:			
Due from investment companies and brokers		88,243	90,367
Other accounts receivable		133	(60)
Advisory and performance fees payable		808	(257)
Other accounts payable and accrued expenses		(86)	(42)
Increase in financial assets at fair value through profit or loss		12,973	47,721
Increase in financial liabilities at fair value through profit or loss		2,924	3,164
Interest income received		53	39
Surplus on repurchase of own shares received		288	-
Other income received		4	9
Finance costs paid		(170)	(1,253)
Net cash from operating activities		103,634	155,307
Cash flows from financing activities			
Short term borrowings		(16,000)	-
Proceeds from redeemable participating shares issued		4,186	1,080
Paid on redeemable participating shares repurchased		(88,456)	(121,949)
Net cash from financing activities		(100,270)	(120,869)
Net increase/(decrease) in cash and cash equivalents		3,364	34,438
Cash and cash equivalents at 1 January		2,818	14,157
Cash and cash equivalents at 30 June	2, 3	6,182	48,595

The notes on pages 91 to 97 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	5,769	2,812
Cash €	411	4
Cash CHF	2	2
Net cash and cash equivalents	6,182	2,818

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 BNP Paribas, Dublin Branch, on which LCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €40 million.

LCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period, LCH had drawn an amount of nil (31 December 2017: US\$16 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.

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	1,803	235,229	-	237,032
Equity Opportunistic	-	21,234	-	21,234
Event Driven	-	29,189	3,540	32,729
Macro and Other	-	55,559	-	55,559
Total investment companies	1,803	341,211	3,540	346,554
Total financial assets at fair value through profit or loss	1,803	341,211	3,540	346,554

The following is a summary of the financial liabilities at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(2,952)	-	(2,952)
Total financial liabilities at fair value through profit or loss	-	(2,952)	-	(2,952)

The following table presents the movement of Level 3 investments for the period ended 30 June 2018 by category of investment:

For the period ended	Event Driven US\$000
Opening balance	4,325
Sales	(732)
Gains/(losses) recognised	(53)
Closing balance	3,540

During the period ended 30 June 2018, 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 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Equity Long Biased	7,091	208,419	-	215,510
Equity Opportunistic	-	23,562	-	23,562
Event Driven	-	39,193	4,325	43,518
Macro and Other	-	75,767	-	75,767
Total investment companies	7,091	346,941	4,325	358,357
Forward FX contracts	-	1,170	-	1,170
Total financial assets at fair value through profit or loss	7,091	348,111	4,325	359,527

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table presents the movement of Level 3 investments for the year ended 31 December 2017 by category of investment:

For the year ended	Event Driven US\$000	Equities Opportunistic US\$000	Total US\$000
Opening balance	11,945	7	11,952
Sales	(7,942)	(8)	(7,950)
Gains/(losses) recognised	322	1	323
Closing balance	4,325	-	4,325

During the financial year 2017 there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy LCH's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Other accounts receivable	-	543	-	543
Cash and cash equivalents	6,182	-	-	6,182
Total	6,182	543	-	6,725
Liabilities				
Shareholder redemptions payable	-	(244)	-	(244)
Advisory and performance fees payable	-	(1,319)	-	(1,319)
Other accounts payable and accrued expenses	-	(73)	-	(73)
Total	-	(1,636)	-	(1,636)

The following table analyses within the fair value hierarchy LCH's assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	88,243	-	88,243
Other accounts receivable	-	676	-	676
Cash and cash equivalents	2,818	-	-	2,818
Total	2,818	88,919	-	91,737
Liabilities				
Short term borrowings	(16,000)	-	-	(16,000)
Shareholder redemptions payable	-	(1,506)	-	(1,506)
Advisory and performance fees payable	-	(511)	-	(511)
Other accounts payable and accrued expenses	-	(159)	-	(159)
Total	(16,000)	(2,176)	-	(18,176)

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

4.b. Condensed schedule of investments

A condensed schedule of investments of LCH as at 30 June 2018 was:

	30/06/18 US\$000	% of NAV
Discovery Capital Holdings	69,070	19.8
Glenview Capital Partners (Cayman) Ltd	30,910	8.9
Third Point Ultra Ltd	29,189	8.4
Trading Capital Holdings	28,630	8.2
Greenlight Capital (Offshore) (Gold) Ltd	24,041	6.9
Swift Current Offshore Fund	21,283	6.1
Passport Special Opportunities Fund Ltd	21,234	6.1
Discovery Global Focus Fund	20,281	5.8
Hitchwood Capital Fund Ltd	19,465	5.6
Other investments	82,451	23.6
Total financial assets at fair value through profit or loss	<u>346,554</u>	

A condensed schedule of investments of LCH as at 31 December 2017 was:

	31/12/17 US\$000	% of NAV
Discovery Capital Holdings	65,742	15.2
Trading Capital Holdings	48,562	11.2
Third Point Ultra Ltd	39,193	9.0
Glenview Capital Partners (Cayman) Ltd	30,806	7.1
Greenlight Capital (Offshore) (Gold) Ltd	28,700	6.6
Passport Special Opportunities Fund Ltd	23,562	5.4
Other investments	122,962	28.4
Total financial assets at fair value through profit or loss	<u>359,527</u>	

4.c. Forward foreign exchange contracts

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

Included under financial liabilities at fair value through profit or loss at 30 June 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	43,970	(54,338)	10/07/2018	<u>(2,952)</u>
Total				<u>(2,952)</u>

Included under financial assets at fair value through profit or loss at 31 December 2017 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

	Purchase €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
	48,970	(57,625)	10/01/2018	1,170
Total				1,170

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the period ended 30 June 2018 are summarised below:

US\$000	Class A	Class B	Class X	Total
Redeemable participating shares at 1 January 2018	373,419	59,669	-	433,088
Subscriptions	836	436	2,914	4,186
Redemptions	(80,531)	(6,663)	-	(87,194)
Net increase/(decrease) in redeemable participating shares resulting from operations	594	(2,032)	49	(1,389)
Redeemable participating shares at 30 June 2018 - US\$	294,318	51,410	2,963	348,691
Redeemable participating shares at 30 June 2018 - €	-	44,025	-	-
Shares	Class A	Class B	Class X	Total
Shares outstanding at 1 January 2018	1,231,363	228,994	-	1,460,357
Subscriptions	2,745	1,641	9,728	14,114
Redemptions	(266,940)	(25,687)	-	(292,627)
Shares outstanding at 30 June 2018	967,168	204,948	9,728	1,181,844
Net asset value per redeemable participating share at 30 June 2018	US\$304.31	€214.81	US\$304.61	-

The data relating to the net asset value of redeemable participating shares of LCH and the number of shares in issue during the year 2017 are summarised below:

US\$000	Class A	Class B	Class C	Total
Redeemable participating shares at 1 January 2017	485,534	65,197	44,914	595,645
Subscriptions	1,073	7	-	1,080
Redemptions	(86,947)	(10,593)	(22,863)	(120,403)
Net increase in redeemable participating shares resulting from operations	11,726	5,966	1,059	18,751
Redeemable participating shares at 30 June 2017 - US\$	411,386	60,577	23,110	495,073
Redeemable participating shares at 30 June 2017 - €	-	53,043	-	-

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

Shares	Class A	Class B	Class C	Total
Shares outstanding at 1 January 2017	1,724,737	301,207	158,109	2,184,053
Subscriptions	3,734	30	-	3,764
Redemptions	(304,955)	(47,578)	(79,056)	(431,589)
Shares outstanding at 30 June 2017	1,423,516	253,659	79,053	1,756,228
Net asset value per redeemable participating share at 30 June 2017	US\$288.99	€209.11	US\$292.34	-

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	9,353	-
Realised loss on financial assets and liabilities at fair value through profit or loss	(6,985)	(7,837)
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	2,368	(7,837)
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	17,012	30,021
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	(18,863)	(241)
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(1,851)	29,780
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	517	21,943

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

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	(2,728)	(3,883)
Total	(2,728)	(3,883)

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

LEVERAGED CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The current high water mark for Class A Shares amounts to US\$316.54 per share (Class B: €235.92) which means that the net asset value per share needs to appreciate by 4.0% before a performance fee will be charged (Class B: 9.8%).

8. ADMINISTRATION FEES

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

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Directors fees	(60)	(121)
Depositary fees	(29)	(36)
Legal fees	(4)	(11)
Paying agent and related fees	(40)	(18)
Regulatory fees	(3)	(4)
Miscellaneous expenses	(96)	(19)
Total	(232)	(209)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: US\$1.1998) and CHF1.00 = US\$0.9907 (31 December 2017: US\$0.9743).



TRADING CAPITAL HOLDINGS PROFILE

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

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

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

TCH started operating on 30 June 2003 in Curaçao (as Trading Capital Holdings NV) and merged with a sub-fund of the Company on 1 January 2015.

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

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

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

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

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

TRADING CAPITAL HOLDINGS
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class A - US\$	NAV per share Class B - €	NAV per share Class C - US\$ ⁴	Performance ³ %
30/06/03	108.46	94.86	-	-
31/12/03	109.45	96.02	-	0.9
31/12/04	113.34	99.69	-	3.6
31/12/05	118.30	103.08	-	4.4
31/12/06	122.09	104.00	-	3.2
31/12/07	160.84	134.98	-	31.7
31/12/08	152.43	128.07	-	(5.2)
31/12/09	172.35	143.08	-	13.1
31/12/10	187.13	154.95	-	8.6
31/12/11	191.44	158.74	-	2.3
31/12/12	198.22	163.75	-	3.5
31/12/13	214.24	176.60	-	8.1
31/12/14	208.34	171.46	209.38	(2.8)
31/12/15	196.40	160.96	198.36	(5.7)
31/12/16	200.43	161.75	202.92	2.1
31/12/17	195.23	154.67	198.65	(2.6)
30/06/18	193.39	150.84	197.26	(0.9)

	TCH ³ %	Cash ² %
6 month	(0.9)	1.1
1 year p.a.	0.2	1.8
3 years p.a.	(2.2)	1.1
5 years p.a.	(1.7)	0.8
Since Inception p.a.	8.0	2.6

² 3 month US\$ Libor

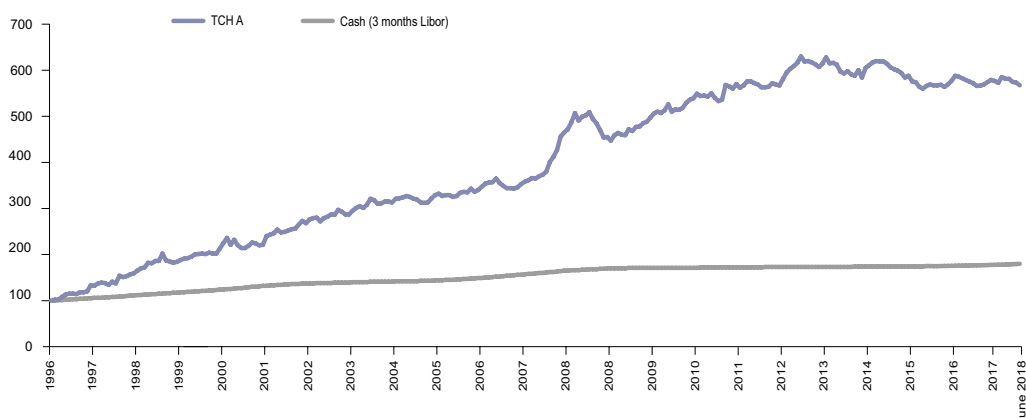
³ of Class A US\$ shares

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

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

Past performance is not necessarily a guide to future performance.

Value of US\$100 Invested since Inception



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

TRADING CAPITAL HOLDINGS
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 US\$000	31/12/17 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	211,075	260,215
Due from investment companies and brokers	2	612	34,916
Other accounts receivable	2	-	5
Cash and cash equivalents	2, 3	14,892	13,189
Total assets		226,579	308,325
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	(1,800)	-
Shareholder redemptions payable		-	(470)
Advisory and performance fees payable	2	(728)	(326)
Other accounts payable and accrued expenses	2	(48)	(77)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		(2,576)	(873)
Net assets attributable to holders of redeemable participating shares	2, 5	(224,003)	(307,452)
Total liabilities		(226,579)	(308,325)
Net asset value per Class A redeemable participating share		US\$193.39	US\$195.23
Net asset value per Class B redeemable participating share		€150.84	€154.67
Net asset value per Class C redeemable participating share		US\$197.26	US\$198.65

The notes on pages 105 to 112 are an integral part of these financial statements

TRADING CAPITAL HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	6	(4,321)	2,964
- Change in unrealised gains/(losses)	6	3,491	(8,673)
Interest income		61	14
Surplus on repurchase of own shares		152	404
Total income		(617)	(5,291)
Operating expenses			
Advisory and performance fees	7	(1,570)	(2,812)
Administration fees	8	(85)	(121)
Audit fees		(44)	(33)
Other operating expenses	9	(180)	(181)
Total operating expenses		(1,879)	(3,147)
Operating profit/(loss)		(2,496)	(8,438)
Finance costs			
Commitment fee relating to short term borrowings		(111)	(207)
Interest expense		(40)	(9)
Total finance costs		(151)	(216)
Profit/(loss) before tax		(2,647)	(8,654)
Taxation		-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(2,647)	(8,654)

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

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

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		307,452	459,314
Increase from redeemable participating shares issued	5	2,261	4,323
Decrease due to redeemable participating shares repurchased	5	<u>(83,063)</u>	<u>(73,065)</u>
Net increase/(decrease) from share transactions		(80,802)	(68,742)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(2,647)</u>	<u>(8,654)</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>224,003</u>	<u>381,918</u>

TRADING CAPITAL HOLDINGS
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		(2,647)	(8,654)
Adjustments for:			
Interest income		(61)	(14)
Surplus on repurchase of own shares		(152)	-
Other income		-	(404)
Finance costs		151	216
Foreign exchange (gains)/losses on cash and cash equivalents		(1,753)	2,265
Net changes in:			
Due from investment companies and brokers		34,304	47,474
Other accounts receivable		5	(2)
Prepayments on investments		-	(5,000)
Advisory and performance fees payable		402	(154)
Other accounts payable and accrued expenses		(29)	(11)
Increase in financial assets at fair value through profit or loss		49,140	60,440
Increase in financial liabilities at fair value through profit or loss		3,553	(4,139)
Interest income received		61	14
Surplus on repurchase of own shares received		152	-
Other income received		-	404
Finance costs paid		(151)	(216)
Net cash from operating activities		82,975	92,219
Cash flows from financing activities			
Short term borrowings		-	(20,000)
Proceeds from redeemable participating shares issued		2,261	4,596
Paid on redeemable participating shares repurchased		(83,533)	(72,851)
Net cash from financing activities		(81,272)	(88,255)
Net increase/(decrease) in cash and cash equivalents		1,703	3,964
Cash and cash equivalents at 1 January		13,189	5,267
Cash and cash equivalents at 30 June	2, 3	14,892	9,231

The notes on pages 105 to 112 are an integral part of these financial statements

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	14,640	12,929
Cash €	252	260
Net cash and cash equivalents	14,892	13,189

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 BNP Paribas, Dublin Branch, on which TCH pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €30 million.

TCH has pledged all of its investments as collateral. The sale of such pledged assets requires the release of these assets by the Depositary. At the end of the reporting period TCH had drawn an amount of nil (31 December 2017: nil).

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

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

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

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

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

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

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

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Concentrated strategies	-	55,682	-	55,682
Credit	-	23,047	582	23,629
Diversified macro	-	25,856	319	26,175
Emerging markets	-	79,978	-	79,978
Sovereign debt	-	25,608	-	25,608
Investment companies in run-off	-	-	3	3
Total investment companies	-	210,171	904	211,075
Total financial assets at fair value through profit or loss	-	210,171	904	211,075

The following is a summary of the financial liabilities at fair value through profit or loss as at 30 June 2018.

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Forward FX contracts	-	(1,800)	-	(1,800)
Total financial liabilities at fair value through profit or loss	-	(1,800)	-	(1,800)

The following table presents the movement of Level 3 investments for the period ended 30 June 2018 by category of investment:

	Credit US\$000	Diversified Macro US\$000	Investment companies in run-off US\$000	Total US\$000
Opening balance	578	290	232	1,100
Sales	-	-	(282)	(282)
Gains/(losses) recognised	4	29	53	86
Closing balance	582	319	3	904

During the period ended 30 June 2018, there were no transfers between the different levels of the hierarchy.

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 31 December 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment companies:				
Commodities	-	26,799	-	26,799
Concentrated strategies	-	60,502	-	60,502
Credit	-	21,606	578	22,184
Diversified macro	-	40,420	290	40,710
Emerging markets	-	83,914	-	83,914
Sovereign debt	-	24,703	-	24,703
Investment companies in run-off	-	-	232	232
Total investment companies	-	257,944	1,100	259,044
Forward FX contracts	-	1,171	-	1,171
Total financial liabilities at fair value through profit or loss	-	259,115	1,100	260,215

The following table presents the movement of Level 3 investments for the year ended 31 December 2017 by category of investment:

	Credit US\$000	Diversified Macro US\$000	Investment companies in run-off US\$000	Total US\$000
Opening balance	700	493	241	1,434
Sales	-	(457)	-	(457)
Gains/(losses) recognised	(122)	254	(9)	123
Closing balance	578	290	232	1,100

During the financial year 2017, there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy TCH's assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	612	-	612
Cash and cash equivalents	14,892	-	-	14,892
Total	14,892	612	-	15,504
Liabilities				
Advisory and performance fees payable	-	(728)	-	(728)
Other accounts payable and accrued expenses	-	(48)	-	(48)
Total	-	(776)	-	(776)

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy TCH's assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	34,916	-	34,916
Other accounts receivable	-	5	-	5
Cash and cash equivalents	13,189	-	-	13,189
Total	13,189	34,921	-	48,110
Liabilities				
Shareholder redemptions payable	-	(470)	-	(470)
Advisory and performance fees payable	-	(326)	-	(326)
Other accounts payable and accrued expenses	-	(77)	-	(77)
Total	-	(873)	-	(873)

4.b. Condensed schedule of investments

A condensed schedule of investments of TCH as at 30 June 2018 was:

	30/06/18 US\$000	% of NAV
Pharo Trading Fund Ltd	25,331	11.3
Discovery Global Opportunity Fund Ltd	23,898	10.7
Wexford (Offshore) Spectrum Fund	23,629	10.5
Rubicon Global Fund Ltd	16,183	7.2
Moore Global Investments Ltd	14,821	6.6
Marshall Wace LLP	13,460	6.0
Horseman Global Fund Ltd	11,479	5.1
Other investments	82,274	36.7
Total financial assets at fair value through profit or loss	211,075	

A condensed schedule of investments of TCH as at 31 December 2017 was:

	31/12/17 US\$000	% of NAV
Pharo Trading Fund Ltd	26,515	8.6
Discovery Global Opportunity Fund Ltd	25,212	8.2
Moore Global Investments Ltd	22,545	7.3
Wexford (Offshore) Spectrum Fund	22,184	7.2
Rubicon Global Fund Ltd	15,438	5.0
Other investments	148,321	48.2
Total financial assets at fair value through profit or loss	260,215	

4.c. Forward foreign exchange contracts

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

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

Included under financial liabilities at fair value through profit or loss at 30 June 2018 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
25,080	(31,110)	10/07/18	<u>(1,800)</u>
Total			<u>(1,800)</u>

Included under financial assets at fair value through profit or loss at 31 December 2017 are the following forward foreign exchange contracts that were outstanding with BNP Paribas Securities Services, an affiliate of the Administrator:

Purchases €000	(Sales) US\$000	Maturity date	Unrealised appreciation/ (depreciation) US\$000
45,540	(53,506)	10/01/2018	<u>1,171</u>
Total			<u>1,171</u>

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

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

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue during the period 30 June 2018 are summarised below:

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

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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

The data relating to the net asset value of redeemable participating shares of TCH and the number of shares in issue during the period 30 June 2017 are summarised below:

US\$000	Class A	Class B	Class C	Class X	Class Y	Total
Redeemable participating shares at 1 January 2017	225,949	104,859	128,506	-	-	459,314
Subscriptions	2,659	88	-	1,520	56	4,323
Redemptions	(28,796)	(20,347)	(23,922)	-	-	(73,065)
Net increase in redeemable participating shares resulting from operations	(7,878)	3,089	(3,830)	(37)	2	(8,654)
Redeemable participating shares at 30 June 2017 - US\$	191,934	87,689	100,754	1,483	58	381,918
Redeemable participating shares at 30 June 2017 - €	-	76,782	-	-	51	76,833

Shares	Class A	Class B	Class C	Class X	Class Y	Total
Shares outstanding at 1 January 2017	1,127,345	615,770	633,298	-	-	2,376,413
Subscriptions	13,365	515	-	7,654	330	21,864
Redemptions	(145,871)	(118,669)	(118,764)	-	-	(383,304)
Shares outstanding at 30 June 2017	994,839	497,616	514,534	7,654	330	2,014,973
Net asset value per redeemable participating share at 30 June 2017	US\$192.93	€154.30	US\$195.82	US\$193.74	€155.03	

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	4,593	4,105
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(8,914)</u>	<u>(1,141)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	(4,321)	2,964
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	21,203	7,765
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(17,712)</u>	<u>(16,438)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>3,491</u>	<u>(8,673)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>(830)</u>	<u>(5,709)</u>

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

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	<u>1,570</u>	<u>2,812</u>
Total	<u>1,570</u>	<u>2,812</u>

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

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

The current high water mark for Class A Shares amounts to US\$214.24 per share (Class B: €176.60) which means that the net asset value per share needs to appreciate by 10.8% before a performance fee will be charged (Class B: 17.1%).

8. ADMINISTRATION FEES

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

TRADING CAPITAL HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS

9. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Directors fees	(43)	(89)
Depository fees	(29)	(44)
Legal fees	(3)	(10)
Paying agent and related fees	(31)	(13)
Regulatory fees	(2)	(3)
Miscellaneous expenses	(72)	(22)
Total	(180)	(181)

10. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: US\$1.1998).



LEVERAGED CAPITAL HOLDINGS (GOLD) PROFILE

The principal objective of Leveraged Capital Holdings (Gold) (“LCH (Gold)”) is the appreciation in capital. In addition to investments in gold and gold related instruments, LCH (Gold) may invest without limit in shares of LCH.

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

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

LCH (Gold) started operating on 23 July 2009 in Curaçao (as a separate share class of Leveraged Capital Holdings NV) and merged with a sub-fund of the Company on 1 January 2015.

The financial year end of LCH (Gold) 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 (Gold) daily, on the basis of net asset value. Shares are issued in US\$ (Class G).

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

For the convenience of investors, the shares of LCH (Gold) may be traded over the counter in London. However, LCH (Gold) is not a party to and is not responsible for such secondary market transactions. Investors may purchase and sell through banks and brokers throughout the world.

LEVERAGED CAPITAL HOLDINGS (GOLD)
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class G - US\$	Performance %
23/07/09 †	222.56	
31/12/09	275.34	23.7
31/12/10	401.41	45.8
31/12/11	383.22	(4.5)
31/12/12	428.83	11.9
31/12/13	336.97	(21.4)
31/12/14	332.24	(1.4)
31/12/15	276.30	(16.8)
31/12/16	281.72	2.0
31/12/17	336.33	19.4
30/06/18	318.29	(5.4)

† Inception at 23 July 2009

	LCH (Gold) %	S&P500 ² %
6 months	(5.4)	2.4
1 year p.a.	3.2	13.7
3 years p.a.	(2.1)	11.2
5 years p.a.	(0.5)	12.7
Since Inception p.a.	4.1	13.6

² S&P500 (70% dividends reinvested)

¹ Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that LCH (Gold) was incorporated in Curaçao as a share class of LCH.

LEVERAGED CAPITAL HOLDINGS (GOLD)
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 US\$000	31/12/17 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	10,311	10,149
Due from investment companies and brokers	2	-	11,567
Other accounts receivable	2	38	25
Cash and cash equivalents	2, 3	46	579
Total assets		<u>10,395</u>	<u>22,320</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	(400)	-
Advisory and performance fees payable	2	(39)	(35)
Other accounts payable and accrued expenses	2	(6)	(10)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(445)</u>	<u>(45)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>(9,950)</u>	<u>(22,275)</u>
Total liabilities		<u>(10,395)</u>	<u>(22,320)</u>
Net asset value per Class G redeemable participating share		US\$318.29	US\$336.33

The notes on pages 120 to 123 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS (GOLD)
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	2, 6	361	1,909
- Change in unrealised gains/(losses)	2, 6	(907)	(44)
Interest income		2	-
Fee rebate		76	152
Total income		(468)	2,017
Operating expenses			
Advisory and performance fees	7	(78)	(158)
Audit fees		(10)	(5)
Other operating expenses	8	-	(4)
Total operating expenses		(88)	(167)
Operating profit/(loss)		(556)	1,850
Finance costs			
Commitment fee relating to short term borrowings	3	(8)	(6)
Interest expense	2, 3	-	(4)
Total finance costs		(8)	(10)
Profit/(loss) before tax		(564)	1,840
Taxation	2	-	-
Increase in net assets attributable to holders of redeemable participating shares from operations		(564)	1,840

The notes on pages 120 to 123 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS (GOLD)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		22,275	19,413
Decrease due to redeemable participating shares repurchased	5	<u>(11,761)</u>	<u>(166)</u>
Net increase/(decrease) from share transactions		(11,761)	(166)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(564)</u>	<u>1,840</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>9,950</u>	<u>21,087</u>

The notes on pages 120 to 123 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS (GOLD)
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		(564)	1,840
Adjustments for:			
Finance costs		8	10
Interest income		(2)	-
Net changes in:			
Due from investment companies and brokers		11,567	2,159
Other accounts receivable		(13)	3
Advisory and performance fees payable		4	2
Other accounts payable and accrued expenses		(4)	1
Increase in financial assets at fair value through profit or loss		(162)	(1,429)
Increase in financial liabilities at fair value through profit or loss		400	441
Interest income received		2	-
Finance costs paid		(8)	(10)
Net cash from operating activities		11,228	3,017
Cash flows from financing activities			
Paid on redeemable participating shares repurchased		(11,761)	(166)
Net cash from financing activities		(11,761)	(166)
Net increase/(decrease) in cash and cash equivalents		(533)	2,851
Cash and cash equivalents at 1 January		579	(2,038)
Cash and cash equivalents at 30 June	2, 3	46	813

The notes on pages 120 to 123 are an integral part of these financial statements

LEVERAGED CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	46	579
Net cash and cash equivalents	46	579

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 (Gold) maintained a line of credit with BNP Paribas, Dublin Branch, on which LCH (Gold) pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €1.75 million.

LCH (Gold) 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 (Gold) had drawn an amount of nil (31 December 2017: nil).

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

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

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

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

LEVERAGED CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in LCH	-	10,311	-	10,311
Total financial assets at fair value through profit or loss	-	10,311	-	10,311

The following is a summary of the financial liabilities at fair value through profit or loss at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investments in gold index swap	-	(400)	-	(400)
Total financial liabilities at fair value through profit or loss	-	(400)	-	(400)

During the period ended 30 June 2018, 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 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in LCH	-	9,610	-	9,610
Investments in gold index swap	-	539	-	539
Total financial liabilities at fair value through profit or loss	-	10,149	-	10,149

During the financial year 2017, there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy LCH (Gold)'s assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Other accounts receivable	-	38	-	38
Cash and cash equivalents	46	-	-	46
Total	46	38	-	84
Liabilities				
Advisory and performance fees payable	-	(39)	-	(39)
Other accounts payable and accrued expenses	-	(6)	-	(6)
Total	-	(45)	-	(45)

LEVERAGED CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy LCH (Gold)'s assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	11,567	-	11,567
Other accounts receivable	-	25	-	25
Cash and cash equivalents	579	-	-	579
Total	579	11,592	-	12,171
Liabilities				
Advisory and performance fees payable	-	(35)	-	(35)
Other accounts payable and accrued expenses	-	(10)	-	(10)
Total	-	(45)	-	(45)

4.b. Exposure to gold investments

As at	30/06/18 US\$000	31/12/17 US\$000
Gold index swap – notional amount	10,354	21,215
Gold index swap – unrealised gain/(loss)	(400)	539
Total gold holdings	9,954	21,754

All gold index swaps are entered into with BNP Paribas.

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

LCH (Gold) has no share capital for accounting purposes as all of LCH (Gold)'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 (Gold) and the number of shares in issue are summarised below:

	30/06/18 US\$000	30/06/17 US\$000
Redeemable participating shares at 1 January	22,275	19,413
Subscriptions	-	-
Redemptions	(11,761)	(166)
Net increase/(decrease) in redeemable participating shares resulting from operations	(564)	1,840
Redeemable participating shares at 30 June	9,950	21,087
Shares	Class G	Class G
Shares outstanding at 1 January	66,229	68,911
Subscriptions	-	-
Redemptions	(34,968)	(540)
Shares outstanding at 30 June	31,261	68,371
Net asset value per redeemable participating share at 30 June	US\$318.29	US\$308.41

LEVERAGED CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	367	1,909
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(6)</u>	<u>-</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	361	1,909
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	168	521
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(1,075)</u>	<u>(565)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>(907)</u>	<u>(44)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>(546)</u>	<u>1,865</u>

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	<u>(78)</u>	<u>(158)</u>
Total	<u>(78)</u>	<u>(158)</u>

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

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

The current high water mark for Class G Shares amounts to US\$336.33 per share which means that the net asset value per share needs to appreciate by 5.7% before a performance fee will be charged.

8. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Regulatory fees	-	(1)
Miscellaneous expenses	<u>-</u>	<u>(3)</u>
Total	<u>-</u>	<u>(4)</u>

LEVERAGED CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

9. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: US\$1.1998).

10. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Directors consider that the size of LCH (Gold) is below the optimum size. They also note that access to LCH continues to be available directly through LCH.

The Board of Directors, having consulted with the Investment Advisor, has therefore proposed to the Shareholders of LCH (Gold) for this fund to be terminated as of 28 September 2018.



TRADING CAPITAL HOLDINGS (GOLD)
PROFILE

The general investment objective of Trading Capital Holdings (Gold) (“TCH (Gold)”) is the realization of profit. In addition to investments in gold and gold related investments, TCH (Gold) may invest without limit in shares of TCH.

TCH does not invest directly but operates through offshore funds which are wholly or partly owned by TCH. Generally each offshore fund is advised by a single portfolio manager and its team. The investment activities of the funds thereby comprise a wide range of specialised approaches and techniques used by the managers. LCH Investments NV is the Investment Advisor of TCH (Gold).

TCH (Gold) started operating on 6 February 2012 in Curaçao (as a separate share class of Trading Capital Holdings NV) and merged with a sub-fund of the Company on 1 January 2015.

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

Shares are issued by TCH (Gold) daily, at net asset value per share. Shares are issued in US\$ (Class G).

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

TCH (Gold) will seek to expose the Class G portfolio to the performance of gold by investing in gold or gold related instruments.

For the convenience of investors, the shares of TCH (Gold) may be traded over the counter in London. However, TCH (Gold) is not a party to and is not responsible for such secondary market transactions. Investors may purchase and sell TCH (Gold) shares through banks and brokers throughout the world.

TRADING CAPITAL HOLDINGS (GOLD)
PERFORMANCE SINCE INCEPTION¹

Date	NAV per share Class G - US\$	Performance %
06/02/12 †	194.47	
31/12/12	190.18	(2.2)
31/12/13	147.46	(22.5)
31/12/14	140.02	(5.0)
31/12/15	117.56	(16.0)
31/12/16	128.44	9.3
31/12/17	139.18	8.4
30/06/18	130.41	(6.3)

† Inception at 6 February 2012

	TCH (Gold) %
6 months	(6.3)
1 year p.a.	(1.3)
3 years p.a.	(1.7)
5 years p.a.	(2.6)
Since inception p.a.	(6.1)

¹ Any data or information relating to periods prior to the merger date of 1 January 2015 relates to the period that TCH (Gold) was incorporated in Curaçao as a share class of TCH.

TRADING CAPITAL HOLDINGS (GOLD)
STATEMENT OF FINANCIAL POSITION

As at	Notes	30/06/18 US\$000	31/12/17 US\$000
Assets			
Current assets			
Financial assets at fair value through profit or loss	2, 4	4,200	4,137
Due from investment companies and brokers	2	-	3,554
Other accounts receivable	2	16	9
Cash and cash equivalents	2, 3	21	224
Total assets		<u>4,237</u>	<u>7,924</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2, 4	(164)	-
Advisory and performance fees payable	2	(16)	(9)
Other accounts payable and accrued expenses	2	(7)	(11)
Liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>(187)</u>	<u>(20)</u>
Net assets attributable to holders of redeemable participating shares	2, 5	<u>(4,050)</u>	<u>(7,904)</u>
Total liabilities		<u>(4,237)</u>	<u>(7,924)</u>
Net asset value per Class G redeemable participating share		US\$130.41	US\$139.18

The notes on pages 131 to 135 are an integral part of these financial statements

TRADING CAPITAL HOLDINGS (GOLD)
STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Income			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss:			
- Realised gains/(losses)	2, 6	120	705
- Change in unrealised gains/(losses)	2, 6	(377)	(475)
Fee rebate		32	56
Other income		1	-
Total income		(224)	286
Operating expenses			
Advisory and performance fees	7	(33)	(58)
Audit fees		(9)	(5)
Other operating expenses	8	(2)	(1)
Total operating expenses		(44)	(64)
Operating profit/(loss)		(268)	222
Finance costs			
Commitment fee relating to short term borrowings	3	(4)	(2)
Interest expense	2, 3	-	(3)
Total finance costs		(4)	(5)
Profit/(loss) before tax		(272)	217
Taxation	2	-	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		(272)	217

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

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Net assets attributable to holders of redeemable participating shares at 1 January		7,904	7,435
Decrease due to redeemable participating shares repurchased	5	<u>(3,582)</u>	<u>-</u>
Net increase/(decrease) from share transactions		(3,582)	-
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations		<u>(272)</u>	<u>217</u>
Net assets attributable to holders of redeemable participating shares at 30 June		<u>4,050</u>	<u>7,652</u>

TRADING CAPITAL HOLDINGS (GOLD)
STATEMENT OF CASH FLOWS

For the period ended 30 June	Notes	2018 US\$000	2017 US\$000
Cash flows from operating activities			
Profit/(loss) before tax		(272)	217
Adjustments for:			
Finance costs		4	5
Other income		(1)	-
Net changes in:			
Due from investment companies and brokers		3,554	814
Other accounts receivable		(7)	2
Advisory and performance fees payable		7	1
Other accounts payable and accrued expenses		(4)	(6)
Increase in financial assets at fair value through profit or loss		(63)	(240)
Increase in financial liabilities at fair value through profit or loss		164	158
Other income received		1	-
Finance costs paid		(4)	(5)
Net cash from operating activities		3,379	946
Cash flows from financing activities			
Paid on redeemable participating shares repurchased		(3,582)	-
Net cash from financing activities		(3,582)	-
Net increase/(decrease) in cash and cash equivalents		(203)	946
Cash and cash equivalents at 1 January		224	(642)
Cash and cash equivalents at 30 June	2, 3	21	304

TRADING CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. CASH AND CASH EQUIVALENTS

As at	30/06/18 US\$000	31/12/17 US\$000
Cash at bank:		
Cash US\$	21	224
Net cash and cash equivalents	21	224

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 (Gold) maintained a line of credit with BNP Paribas, Dublin Branch, on which TCH (Gold) pays an interest rate of Libor plus 1.30% per annum on amounts drawn down and a commitment fee of 0.50% per annum on the un-drawn portion of the credit line. At the end of the reporting period the committed line of credit amounted to €1.3 million.

TCH (Gold) 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 TCH (Gold) had drawn an amount of nil (2017: nil).

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

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

TCH (Gold) 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 (Gold) has invested.

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

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

TRADING CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the financial assets at fair value through profit or loss as at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in TCH	-	4,200	-	4,200
Total financial assets at fair value through profit or loss	-	4,200	-	4,200

The following is a summary of the financial liabilities at fair value through profit or loss at 30 June 2018:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investments in gold index swap	-	(164)	-	(164)
Total financial liabilities at fair value through profit or loss	-	(164)	-	(164)

During the period ended 30 June 2018, 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 2017:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Investment in TCH	-	3,942	-	3,942
Investments in gold index swap	-	195	-	195
Total financial assets at fair value through profit or loss	-	4,137	-	4,137

During the financial year 2017, there were no transfers between the different levels of the hierarchy.

The following table analyses within the fair value hierarchy TCH (Gold)'s assets and liabilities (by class) not measured at fair value at 30 June 2018 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Other accounts receivable	-	16	-	16
Cash and cash equivalents	21	-	-	21
Total	21	16	-	37
Liabilities				
Advisory and performance fees payable	-	(16)	-	(16)
Other accounts payable and accrued expenses	-	(7)	-	(7)
Total	-	(23)	-	(23)

TRADING CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

The following table analyses within the fair value hierarchy TCH (Gold)'s assets and liabilities (by class) not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	Level 1 US\$000	Level 2 US\$000	Level 3 US\$000	Total US\$000
Assets				
Due from investment companies and brokers	-	3,554	-	3,554
Other accounts receivable	-	9	-	9
Cash and cash equivalents	224	-	-	224
Total	224	3,563	-	3,787
Liabilities				
Advisory and performance fees payable	-	(9)	-	(9)
Other accounts payable and accrued expenses	-	(11)	-	(11)
Total	-	(20)	-	(20)

4.b. Exposure to gold investments

As at	30/06/18 US\$000	31/12/17 US\$000
Gold index swap – notional amount	4,238	7,684
Gold index swap – unrealised gain/(loss)	(164)	195
Total gold holdings	4,074	7,879

All gold index swaps are entered into with BNP Paribas.

5. NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

TCH (Gold) has no share capital for accounting purposes as all of TCH (Gold)'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 (Gold) and the number of shares in issue are summarised below:

	30/06/18 US\$000	30/06/17 US\$000
Redeemable participating shares at 1 January	7,904	7,435
Subscriptions	-	-
Redemptions	(3,582)	-
Net increase in redeemable participating shares resulting from operations	(272)	217
Redeemable participating shares at 30 June	4,050	7,652
Shares	Class G	Class G
Shares outstanding at 1 January	56,789	57,889
Subscriptions	-	-
Redemptions	(25,733)	-
Shares outstanding at 30 June	31,056	57,889
Net asset value per redeemable participating share at 30 June	US\$130.41	US\$132.18

TRADING CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

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

For the period ended 30 June	2018 US\$000	2017 US\$000
Realised gain on financial assets and liabilities at fair value through profit or loss	128	724
Realised loss on financial assets and liabilities at fair value through profit or loss	<u>(8)</u>	<u>(19)</u>
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss	120	705
Change in unrealised gain on financial assets and liabilities at fair value through profit or loss	137	-
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss	<u>(514)</u>	<u>(475)</u>
Net change in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>(377)</u>	<u>(475)</u>
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	<u>(257)</u>	<u>230</u>

7. ADVISORY AND PERFORMANCE FEES

For the period ended 30 June	2018 US\$000	2017 US\$000
Advisory fees	<u>(33)</u>	<u>(58)</u>
Total	<u>(33)</u>	<u>(58)</u>

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

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

The current high water mark for Class G Shares amounts to US\$147.46 per share which means that the net asset value per share needs to appreciate by 13.1% before a performance fee will be charged.

8. OTHER OPERATING EXPENSES

For the period ended 30 June	2018 US\$000	2017 US\$000
Regulatory fees	-	(1)
Miscellaneous expenses	<u>(2)</u>	<u>-</u>
Total	<u>(2)</u>	<u>(1)</u>

TRADING CAPITAL HOLDINGS (GOLD)
NOTES TO THE FINANCIAL STATEMENTS

9. EXCHANGE RATE

The following exchange rate prevailing at 30 June 2018 was used: €1.00 = US\$1.1650 (31 December 2017: €1.00 = US\$1.1998).

10. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The Directors consider that the size of TCH (Gold) is below the optimum size. They also note that access to TCH continues to be available directly through TCH.

The Board of Directors, having consulted with the Investment Advisor, has therefore proposed to the Shareholders of TCH (Gold) for this fund to be terminated as of 28 September 2018.