

**AURUM ISIS STERLING FUND LTD.**

**Annual Report and Audited Financial Statements  
For the year ended 31 December 2020**

**Annual Report and Audited Financial Statements Contents**

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**Directors and Service Providers**

*Company and Registered Office*

Aurum Isis Sterling Fund Ltd.  
Aurum House  
35 Richmond Road  
Hamilton HM 08  
Bermuda

*Directors*

Dudley R Cottingham  
Tina Gibbons  
Adam Hopkin  
Kevin Gundle  
Anabel Mackiet  
Bronwyn Wright†  
Fiona Mulhall†  
Michael J Harvey

†Independent Directors

*Promoter & Investment Adviser*

Aurum Fund Management Ltd.  
Aurum House  
35 Richmond Road  
Hamilton HM 08  
Bermuda

*Bermuda Administrator & Registrar*

Global Fund Services Ltd.  
Century House  
16 Par-la-Ville Road  
Hamilton HM 08  
Bermuda

*Depositary*

Northern Trust Fiduciary Services (Ireland) Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

*Secretary*

Continental Management Limited  
Century House  
16 Par-la-Ville Road  
Hamilton HM 08  
Bermuda

*Administrator, Sub-Registrar and Transfer Agent*

Northern Trust International Fund Administration Services  
(Ireland) Limited  
George's Court  
54-62 Townsend Street  
Dublin 2  
Ireland

*Sponsoring Member for Bermuda Stock Exchange*

Continental Sponsors Ltd.  
Century House  
16 Par-la-Ville Road  
Hamilton HM 08  
Bermuda

*Auditor*

KPMG  
Chartered Accountants  
Statutory Audit Firm  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

*Bermuda Legal Advisers*

Conyers Dill & Pearman Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Directors' Report**

The Directors have the pleasure to present the annual report and audited financial statements of Aurum Isis Sterling Fund Ltd. (the "Company" or the "Sterling Fund") for the year ended 31 December 2020 as set out herein in respect of matters required by the Bermuda Stock Exchange listing regulations.

**Principal Material Changes**

There have been no material changes in the objectives, strategies or key service providers of the Company during the year ended 31 December 2020.

**Principal Activities**

At 31 December 2020 the Net Asset Value ("NAV") per Participating Share for each class of share was as follows:

| <b>Share Class</b>                                 | <b>NAV per Participating Share</b> |                   |
|--|------------------------------------|-------------------|
|  | <b>31/12/2020</b>                  | <b>31/12/2019</b> |
| Standard Sterling Share Class Restricted           | £193.50                            | £175.71           |
| Standard Sterling Share Class Unrestricted         | £135.04                            | £121.52           |
| Professional Sterling Share Class Restricted       | £134.84                            | £122.47           |
| Professional Sterling Share Class Unrestricted     | £139.86                            | £125.81           |
| Institutional A Sterling Share Class Unrestricted* | £1,160.19                          | –                 |

\* The Institutional A Sterling Share Class Unrestricted shares were issued on 1 April 2020.

Shares of the Sterling Fund are denominated in sterling. The Sterling Fund is one of eight Feeder Funds (the "Feeder Funds") comprising the Sterling Fund, Aurum Isis Institutional Sterling Fund Ltd. (the "Institutional Sterling Fund"), Aurum Isis Swiss Franc Fund Ltd. (the "Swiss Franc Fund"), Aurum Isis Dollar Fund Ltd. (the "Dollar Fund"), Aurum Isis Institutional Dollar Fund Ltd. (the "Institutional Dollar Fund"), Aurum Isis Euro Fund Ltd. (the "Euro Fund"), Aurum Isis Institutional Euro Fund Ltd. (the "Institutional Euro Fund") and Aurum Isis Australian Dollar Fund Ltd. (the "Australian Dollar Fund") that invest in Aurum Isis Fund Ltd. (the "Master Fund"). The Feeder Funds have sterling, Swiss franc, US dollar, euro and Australian dollar denominated shares respectively. The Sterling Fund is listed on the Bermuda Stock Exchange.

The Feeder Funds must invest solely into Participating Shares of the Master Fund, except in the case of the Sterling, Institutional Sterling, Swiss Franc, Euro, Institutional Euro and Australian Dollar Funds in respect of currency hedging. The Participating Shares of the Master Fund are valued in US dollar. The Sterling, Institutional Sterling, Swiss Franc, Euro, Institutional Euro and Australian Dollar Funds whilst investing into US dollar denominated Participating Shares of the Master Fund will, by appropriate currency hedging, seek to protect the value of their shares in their respective currencies. The Master Fund pays the fees of the Administrators, Depositary, audit, formation and minor out of pocket expenses and Directors' fees of all Funds. Each Feeder Fund will otherwise bear its own costs and liabilities.

During December 2020, shareholders in the Institutional Euro Fund and Institutional Sterling Fund were switched into the Euro Fund and Sterling Fund and received units in these funds respectively on 1 December 2020. The Directors agreed on 8 December 2020 to wind up the Institutional Euro Fund and Institutional Sterling Fund following the approval of their 31 December 2020 audited financial statements.

The Company's performance is allied with the performance of the Master Fund. The Performance Review, the Market Review and Outlook for the Master Fund for the year ended 31 December 2020, is contained within the annual report of the Master Fund, which is appended to the Company's financial statements.

No dividends have been declared in the year ended 31 December 2020 (2019: £Nil) and the Directors do not recommend the payment of any dividends for the year ended 31 December 2020 (2019: £Nil).

**Remuneration**

The Directors are considered to be the only identified staff for the purposes of the European Union (Alternative Investment Fund Managers) Regulations 2013. The Directors are entitled to remuneration for their services from the Master Fund, please refer to the accompanying Master Fund financial statements for details of remuneration paid to the Directors.

**Connected parties**

Transactions carried out with the Company by the Administrator, Bermuda Administrator, Investment Adviser, Depositary, Directors and other connected parties ("connected parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Shareholders.

**Directors' Report (Continued)**

Connected parties (continued)

The Directors are satisfied all transactions with connected parties entered into during the year were conducted at arm's length prices.

Details of related parties and related party transactions are disclosed in note 7 of the notes to the financial statements.

Environmental, Social and Governance ("ESG")

The Directors, as part of the wider Aurum group, believe that environmental and social issues are important to any person or entity. There is a misconception that human beings, businesses and economic systems are separate from such issues and, therefore, incorporating these aspects is vital to good governance. Details of the philosophy and the approach taken to ESG by the Directors, as part of the wider Aurum group, can be found at <https://www.aurum.com/environmental-and-social/>.

Covid-19

The Covid-19 pandemic has had and will continue to have, far reaching effects on the global markets and economies. The Company continues to monitor the situation closely and will post any relevant updates on <https://www.aurum.com>. The Company's business continuity plans are robust and well tested, and have successfully withstood the impact to date and shows positive signs for the future.

Thanks

We thank the Shareholders for their support and look forward to further opportunities for continued growth.

For and on behalf of Aurum Isis Sterling Fund Ltd.



Director  
16 March 2021

**AURUM ISIS STERLING FUND LTD.**

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**Portfolio Statement**as at 31 December 2020

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|                      | <b>31 December 2020</b>   |                |                 |               | <b>31 December 2019</b>   |                |                 |               |
|----------------------|---------------------------|----------------|-----------------|---------------|---------------------------|----------------|-----------------|---------------|
|                      | Nominal holding of shares | Base Cost<br>£ | Fair Value<br>£ | % of NAV<br>% | Nominal holding of shares | Base Cost<br>£ | Fair Value<br>£ | % of NAV<br>% |
| Aurum Isis Fund Ltd. | 130,003                   | 31,470,151     | 40,764,597      | 96.02%        | 93,171                    | 19,411,081     | 26,521,388      | 94.97%        |
| Other assets         |                           |                | 2,076,886       | 4.89%         |                           |                | 1,582,436       | 5.67%         |
| Total assets         |                           |                | 42,841,483      | 100.91%       |                           |                | 28,103,824      | 100.64%       |
| Other liabilities    |                           |                | (387,123)       | (0.91%)       |                           |                | (178,106)       | (0.64%)       |
| Total net assets     |                           |                | 42,454,360      | 100.00%       |                           |                | 27,925,718      | 100.00%       |

**Independent Auditor's Report to the Shareholders of Aurum Isis Sterling Fund Ltd.**

Report on the audit of the financial statements

*Opinion*

We have audited the financial statements of Aurum Isis Sterling Fund Ltd. (the "Company") for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Cash Flows for the year then ended, and related notes, including the summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

*Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, together with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Valuation of investments at fair value*

Refer to the accounting policy in note 2 and to note 8 'Financial instruments and risk exposure' to the financial statements.

*The key audit matter*

*Valuation of investments at fair value*

The Company is a Feeder Fund whose investments at fair value is an investment into Aurum Isis Fund Ltd. (the "Master Fund").

The valuation of the investments at fair value is the key driver of the Company's net asset value and performance for the year. While the nature of the Company's investments at fair value does not require a significant level of judgement because the underlying value of the fund is observable, due to its significance in the context of the financial statements as a whole, financial assets was identified as a risk of material misstatement which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

*How the matter was addressed in our audit*

Our audit procedures included, but were not limited to:

- Documented the processes in place to record investment transactions and to value the investments;
- Audited the Master Fund in accordance with ISAs and issued an unqualified audit opinion thereon; and
- Assessed whether the Master Fund's net asset value was an appropriate approximation of fair value.

We noted no material exceptions arising from our audit procedures.

*Other information*

The Directors are responsible for the other information accompanying the financial statements. The other information comprises the Directors and Service Providers, the Directors' Report and the Portfolio Statement as at 31 December 2020, but does not include the financial statements and related notes, and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion on that information.

**Independent Auditor's Report to the Shareholders of Aurum Isis Sterling Fund Ltd. (Continued)**

*Other information (Continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether that information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

*Responsibilities of the Directors for the Financial Statements*

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

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

The Directors are responsible for overseeing the Company's financial reporting process.

*Auditor's responsibilities for the audit of the financial statements*

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

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

Our report is made solely to the Company's Shareholders, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibilities to anyone other than the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG

KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

16 March 2021



**Independent Auditor's Report to the Shareholders of Aurum Isis Sterling Fund Ltd. (Continued)**

Appendix to the Independent Auditor's Report

*Further information regarding the scope of our responsibilities as Auditor*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From those matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

**Statement of Comprehensive Income**  
for the year ended 31 December 2020

|   | note  | 2020<br>£ | 2019<br>£ |
|---|-------|-----------|-----------|
| <b>Gains from financial assets at fair value through profit or loss</b>                               |       |           |           |
| Net gain on investments   | 2, 11 | 4,033,629 | 1,888,104 |
| <b>Total revenue</b>  |       | 4,033,629 | 1,888,104 |
| <b>Operating expenses</b>   |       |           |           |
| Investment Adviser fees   | 3, 7  | 503,820   | 427,892   |
| Incentive fees  | 3, 7  | 201,649   | 78,958    |
| <b>Total operating expenses</b>   |       | 705,469   | 506,850   |
| <b>Operating profit before finance cost</b>   |       | 3,328,160 | 1,381,254 |
| Finance costs   | 6     | 263       | 207       |
| <b>Total finance costs</b>  |       | 263       | 207       |
| <b>Change in net assets attributable to holders of Participating Shares resulting from operations</b> |       | 3,327,897 | 1,381,047 |

*The accompanying notes form part of these financial statements.*

**Statement of Financial Position**  
as at 31 December 2020

|  | note  | 2020<br>£         | 2019<br>£         |
|--|-------|-------------------|-------------------|
| <b>Assets</b>  |       |                   |                   |
| Financial assets at fair value through profit or loss  |       |                   |                   |
| Investments at fair value  | 2, 10 | 40,764,597        | 26,521,388        |
| Unrealised appreciation on forward foreign exchange contracts                                | 9, 10 | 1,838,756         | 1,497,242         |
| Financial assets at amortised cost   |       |                   |                   |
| Cash and cash equivalents  | 2     | 151,403           | 80,909            |
| Other receivables  | 7     | 86,727            | 4,285             |
| <b>Total assets</b>  |       | <b>42,841,483</b> | <b>28,103,824</b> |
| <b>Liabilities</b>   |       |                   |                   |
| Financial liabilities at fair value through profit or loss                                   |       |                   |                   |
| Unrealised depreciation on forward foreign exchange contracts                                | 9, 10 | 15,166            | -                 |
| Financial liabilities at amortised cost  |       |                   |                   |
| Subscriptions to shares not yet allotted   |       | 218,000           | 50,000            |
| Incentive fee payable  | 3, 7  | 100,511           | 14,199            |
| Investment Adviser fees payable  | 3, 7  | 53,438            | 40,633            |
| Other payables   | 7     | 8                 | 5                 |
| Bank overdraft   | 2, 6  | -                 | 73,269            |
| <b>Total liabilities (excluding amounts attributable to holders of Participating Shares)</b> |       | <b>387,123</b>    | <b>178,106</b>    |
| <b>Net assets attributable to holders of Participating and Sponsor Shares</b>                | 5     | <b>42,454,360</b> | <b>27,925,718</b> |
| <b>Net assets attributable to holders of Participating Shares</b>                            | 5     | <b>42,454,359</b> | <b>27,925,717</b> |
| <b>Equity</b>  |       |                   |                   |
| Net assets attributable to holders of Sponsor Shares   | 5     | 1                 | 1                 |
| <b>Total Equity</b>  |       | <b>1</b>          | <b>1</b>          |

These financial statements were approved by the Directors on 16 March 2021 and signed on their behalf by:



Director  
16 March 2021



Director  
16 March 2021

*The accompanying notes form part of these financial statements.*

**Statement of Cash Flows**

for the year ended 31 December 2020

|  | <b>2020</b>      | <b>2019</b>        |
|--|------------------|--------------------|
|  | <b>£</b>         | <b>£</b>           |
| <b>Cash flows from operating activities</b>  |                  |                    |
| Change in net assets attributable to holders of Participating Shares resulting from operations | 3,327,897        | 1,381,047          |
| Adjustment for   |                  |                    |
| Change in financial assets at fair value through profit or loss                                | (4,224,470)      | (6,504,361)        |
| Finance costs  | 263              | 207                |
| Changes in operating assets and liabilities  |                  |                    |
| Increase in receivables  | (82,442)         | (3,960)            |
| Increase in payables   | 99,120           | 22,017             |
| <b>Net cash outflow from operating activities</b>  | <b>(879,632)</b> | <b>(5,105,050)</b> |
| <b>Cash flows from financing activities</b>  |                  |                    |
| Finance costs  | (263)            | (206)              |
| Subscriptions for shares   | 1,740,893        | 7,637,789          |
| Redemption of shares   | (717,235)        | (2,492,779)        |
| <b>Net cash inflow from financing activities</b>   | <b>1,023,395</b> | <b>5,144,804</b>   |
| <b>Net increase in cash and cash equivalents</b>   | <b>143,763</b>   | <b>39,754</b>      |
| Cash and cash equivalents at the beginning of the year   | 7,640            | (32,114)           |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>151,403</b>   | <b>7,640</b>       |

*The accompanying notes form part of these financial statements.*

## 1. General

Aurum Isis Sterling Fund Ltd. (the "Sterling Fund" or the "Company") was incorporated in Bermuda on 30 October 2004 under the Bermuda Companies Act 1981 as amended and acts as an investment company.

The Company's investment objective is to achieve long term capital growth by investing in the Participating Shares of Aurum Isis Fund Ltd. (the "Master Fund"). The annual report and audited financial statements of the Master Fund for the year ended 31 December 2020 form an integral part of these financial statements and should therefore be read in conjunction with these financial statements.

The audited financial statements were approved by the Board of Directors on 16 March 2021.

## 2. Significant Accounting Policies

The significant accounting policies which have been applied are set out below.

### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### Basis of Preparation

The financial statements have been prepared on a historical cost basis except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

The financial statements have been prepared on a going concern basis.

The functional currency of the Company is sterling as the Directors have determined that this reflects the Company's primary economic environment. The presentation currency of the financial statements is also sterling. All amounts have been rounded to the nearest pound.

### New Standards and Interpretations Applicable to Future Reporting Periods

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. The Company has not early adopted them in preparing these financial statements, however, it is expected that they will have minimal effect on its financial statements.

The Directors have considered all the upcoming IASB standards and do not consider any to be of material relevance to the financial statements of the Company.

### Financial Assets and Financial Liabilities

#### *Recognition and initial measurement*

Purchases and sales of investments are recognised on the trade date, the date on which the Company commits to purchase or sell the investment. Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

#### *Classification and subsequent measurement of financial assets and financial liabilities*

##### *Financial Assets*

On initial recognition, a financial asset is classified as measured at: amortised cost, at fair value through other comprehensive income ("FVTOCI") or at FVTPL.

The Company classifies its investments based on the contractual cash flow characteristics of the financial assets and the Company's business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- The contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 2. Significant Accounting Policies (Continued)

### Financial Assets and Financial Liabilities (continued)

#### *Classification and subsequent measurement of financial assets and financial liabilities (continued)*

##### *Financial Assets (continued)*

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets: and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are classified as measured at FVTPL, this includes all derivatives financial assets.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company's investment objective is to invest in the Master Fund, whose investment objective is achieved through capital appreciation arising from an actively managed portfolio of Investee Funds involving Investee Funds being purchased and sold based on an evaluation of their performance on a fair value basis. Each Investee Funds' objective is to provide a capital return rather than cash flow generation. This results in the Company's and the Master Fund's business model bifurcating between Investee Funds held and Other Financial Assets:

- Investee Funds held are classified as 'Investments at fair value' on the Statement of Financial Position because their performance is evaluated on a fair value basis.
- Other Financial Assets are included within 'Financial assets at amortised cost' on the Statement of Financial Position because the Company has classified them as 'Held to collect' in accordance with IFRS 9. Other Financial Assets include Investee Funds sold where the Company awaits receipt of cash proceeds from sale, cash paid to Investee Funds where the Company awaits receipt of units and other operating receivables and prepaid expenses.

##### *Financial Assets at FVTPL*

The Company holds Master Fund at fair value of £40,764,597 at 31 December 2020 (2019: £26,521,388). These securities are mandatorily classified as FVTPL, as the contractual cash flows are not solely principal and interest and therefore, are measured at FVTPL.

As such, the Company classifies all of its investment portfolio as financial assets at FVTPL.

##### *Financial Assets at Amortised Cost*

These include cash and cash equivalents and other receivables which are held for collection. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. At each reporting date, the Company shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses, or shorter if the receivable is expected to settle in less than 12 months.

Significant increase in credit risk is defined by the Board of Directors as any contractual payment which is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due.

##### *Financial Liabilities*

The Company classifies its financial liabilities other than derivatives, as measured at amortised cost. Derivatives, if any, not designated in a qualifying hedge relationship are mandatorily classified at FVTPL.

##### *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

For the year ended 31 December 2020, and 31 December 2019, there were no financial assets or liabilities subject to enforceable master netting arrangements or similar agreements which would require disclosure.

## 2. Significant Accounting Policies (Continued)

### Financial Assets and Financial Liabilities (continued)

#### *Derecognition*

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, they expire or they are surrendered. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or it expires.

#### *Participating Shares*

Under IFRS, Participating Shares redeemable at the shareholder's option are classified as financial liabilities and the format of the Statement of Financial Position reflects this in accordance with IAS 32 "Financial Instruments: Presentation". The net assets attributable to holders of Participating Shares are stated at the present value of the redemption amount on the reporting date without discounting, which are measured at amortised cost.

#### *Sponsor Shares*

Sponsor Shares are classified as equity based on the substance of the contractual arrangements between the Company and the Sponsor Shareholder and in accordance with the definition of equity instruments under IAS 32. The Sponsor Shareholder's equity is stated at original cost.

#### *Translation of Foreign Currencies*

Transactions in currencies other than sterling are recorded at the rate prevailing on the date of the transaction. At each reporting date, non sterling denominated monetary items and assets and liabilities measured at fair value are retranslated at the rate prevailing on the reporting date. Foreign currency exchange differences related to investments at fair value through profit or loss are included in Net gain on investments. All other differences are reflected in net profit or loss for the year.

#### *Net Gain on Investments*

Net gain on investments includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest.

Net realised gain on investments is calculated using the average cost method.

#### *Interest Income*

Interest income is recognised in the Statement of Comprehensive Income for all interest bearing instruments on an effective interest rate yield basis.

#### *Cash and Cash Equivalents and Bank Overdraft*

Cash and cash equivalents comprise cash balances held at banks. Bank overdrafts are repayable on demand. In the Statement of Cash Flows, cash and cash equivalents are shown net of any short term overdrafts which are repayable on demand, and form an integral part of the Company's cash management.

#### *Expenses*

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

#### *Significant Accounting Judgements and Estimates*

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the year. Actual results could differ from those estimates.

Revisions to accounting estimates are recognised in the year in which an estimate is revised. The areas of estimates which have the most significant effect on the amounts recognised in the financial statements are valuation of investments and involvement with unconsolidated structured entities which are disclosed within the Master Fund's financial statements in note 8 'Financial Instruments and Risk Exposure' and note 9 'Fair Value Measurement' of those financial statements.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 2 - determination of functional currency; and note 10 - Fair Value Measurement.

## 2. Significant Accounting Policies (Continued)

### Master Fund

The Master Fund is not considered to be a subsidiary of the Company as the Investment Adviser beneficially holds all general voting shares which give the holder the current ability to direct the activities that significantly affect the returns of both the Company and the Master Fund. IFRS 10 "Consolidated Financial Statements" single control model states that an entity has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Directors are satisfied that the Master Fund does not meet the definition of a subsidiary in accordance with IFRS 10.

### Structured Entities

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

The Company has determined that its investment in the Master Fund represents an investment in an unconsolidated structured entity. The Master Fund finances its operations by issuing redeemable shares which are puttable at the holders' option and entitle the holder to a proportional stake in the Master Fund's net assets. The change in fair value of the Company's holding in the Master Fund is included in the Statement of Comprehensive Income within Net gain on investments.

The Directors believe that the requirements of IFRS 12 "Disclosure of Interests in Other Entities", in relation to structured entities, are observed by appending the Master Fund's financial statements to the Company's financial statements.

## 3. Investment Adviser and Incentive Fees

The Company pays the Investment Adviser an annual percentage fee (the "Investment Adviser Fee") and a performance related fee in respect of each class of share where certain performance criteria have been met (the "Incentive Fee"). Both the Investment Adviser Fee and Incentive Fee are calculated monthly and paid monthly in arrears.

The Investment Adviser Fee and Incentive Fee are calculated based on a percentage of the Gross Asset Value of the Company as at the relevant month end. The Gross Asset Value means the value of the assets of the Company at a valuation point less the liabilities and accrued expenses of the Company other than liabilities that relate to Investment Adviser Fees, Incentive Fees, Administrator Fees, Depositary Fees, Directors' Fees, Audit Fees, Formation Expenses and Sundry Expenses each as incurred with respect to the valuation period ending on such valuation point.

The Incentive Fee is equal to the number of Participating Shares in the Company multiplied by a percentage of the amount by which the Gross Asset Value per Participating Share on a valuation day exceeds the higher of:

- (i) The Base Value: the Net Asset Value per Participating Share on the Base Date increased by the relevant hurdle of 1/12 of the annualised hurdle rate multiplied by the number of incentive fee periods since the last Base Date. The Incentive Fee Period is the day following the last valuation day in the immediately preceding calendar month until the next valuation day. The Base Date is the last valuation day in the immediately preceding calendar year or, if later, the first valuation day in respect of a share class; or
- (ii) The High Water Mark: the Net Asset Value per Participating Share on the last valuation day upon which an Incentive Fee was crystallised or, if higher, the initial Net Asset Value per Participating Share upon inception of that share class.

The percentage fees applicable to each share class are as follows:

| Share Class  | Investment Adviser Fee | Incentive Fee | Incentive Fee Hurdle |
|--|------------------------|---------------|----------------------|
| Standard Sterling Share Class Restricted           | 2.00%                  | 15.00%        | 10.00%               |
| Standard Sterling Share Class Unrestricted         | 2.00%                  | 15.00%        | 10.00%               |
| Institutional A Sterling Share Class Unrestricted* | 1.00%                  | 10.00%        | 5.00%                |
| Professional Sterling Share Class Restricted       | 1.25%                  | 10.00%        | 5.00%                |
| Professional Sterling Share Class Unrestricted     | 1.25%                  | 10.00%        | 5.00%                |

\* The Institutional A Sterling Share Class Unrestricted shares were issued on 1 April 2020.

In order to avoid double charging, where the Master Fund invests into other Aurum Funds such investment will be made into a class of shares that does not attract Investment Advisory or Incentive Fees. Where such a class is not available those fees payable by the other Aurum Fund will be rebated to the Master Fund in proportion to its holding.



#### 4. Fees

The Company pays no direct fees other than the Investment Adviser Fee and Incentive Fee outlined in note 3. Please refer to the accompanying Master Fund's financial statements for notes to the financial statements regarding fees paid by the Master Fund.

#### 5. Share Capital and Net Asset Value per Participating Share

|   | December<br>2020<br>£ | December<br>2019<br>£ |
|---|-----------------------|-----------------------|
| <b>Authorised share capital of £0.001 par value per share</b>                       |                       |                       |
| 1,000 Sponsor Shares (presented as equity in accordance with IAS 32)                | 1                     | 1                     |
| 5,999,000 Participating Shares (presented as a liability in accordance with IAS 32) | 5,999                 | 5,999                 |
| <b>Authorised share capital</b>   | <b>6,000</b>          | <b>6,000</b>          |

All of the Sponsor Shares have been issued to and are beneficially owned by the Investment Adviser.

The Sponsor Shares carry the right to attend and vote at all general meetings of the Company without restriction and are entitled to one vote for every Sponsor Share. The Sponsor Shares do not carry the right to participate in the assets of the Company in a winding up, except to the extent of repayment of par value paid in cash, nor in any dividends or other distribution of the Company so long as any Participating Shares are in issue.

The Participating Shares carry the right to notice of, and to attend, all general meetings of the Company but not to vote except in certain circumstances that may seek to alter the Participating Shareholder's rights or entitlements, in which event one Participating Share carries the right to one vote and a fraction of a Participating Share carries the right to a fraction of one vote. The Participating Shares are entitled to receive, to the exclusion of the Sponsor Shares, any dividends which may be declared by the Board of the Company and, upon the winding up of the Company, their par value and any surplus remaining after paying to the holders of the Sponsor Shares the par value of the Sponsor Shares (to the extent actually paid up in cash). The Sponsor Shares have the general voting powers of the Company and the holders of Participating Shares are entitled to receive notice of and attend all general meetings of the members.

|                                       | Number of Participating Shares                 |   |  |   |   |
|---------------------------------------|--|---|--|---|---|
|                                       | Standard<br>Sterling Share<br>Class Restricted | Standard<br>Sterling<br>Share Class<br>Unrestricted | Professional<br>Sterling Share<br>Class Restricted | Professional<br>Sterling<br>Share Class<br>Unrestricted | Institutional<br>A Sterling<br>Share Class<br>Unrestricted* |
| Opening as at 1 January 2020          | 46,821.14                                      | 83,209.21   | 28,181.23  | 48,764.36   | –   |
| Issued during the year                | 474.03   | 5,262.10  | 4,062.54   | 6,152.35  | 13,801.62   |
| Redeemed during the year              | (4,944.98)                                     | (2,712.05)  | –  | (38,348.20)   | –   |
| <b>Closing as at 31 December 2020</b> | <b>42,350.19</b>                               | <b>85,759.26</b>                                    | <b>32,243.77</b>                                   | <b>16,568.51</b>  | <b>13,801.62</b>  |

\* The Institutional A Sterling Share Class Unrestricted shares were issued on 1 April 2020.

|                                       | Number of Participating Shares                 |   |  |   |
|---------------------------------------|--|---|--|---|
|                                       | Standard<br>Sterling Share<br>Class Restricted | Standard<br>Sterling<br>Share Class<br>Unrestricted | Professional<br>Sterling Share<br>Class Restricted | Professional<br>Sterling<br>Share Class<br>Unrestricted |
| Opening as at 1 January 2019          | 93,026.90                                      | 7,125.08  | 21,594.11  | 24,009.09   |
| Issued during the year                | 24,111.92                                      | 76,084.13   | 7,844.97   | 28,829.88   |
| Redeemed during the year              | (70,317.68)                                    | –   | (1,257.85)   | (4,074.61)  |
| <b>Closing as at 31 December 2019</b> | <b>46,821.14</b>                               | <b>83,209.21</b>                                    | <b>28,181.23</b>                                   | <b>48,764.36</b>  |

The Net Asset Value per Participating Share is calculated by dividing the net assets attributable to holders of Participating Shares included in the Statement of Financial Position by the number of Participating Shares in issue at the year end according to the rights and restrictions applicable to each share class.

**5. Share Capital and Net Asset Value per Participating Share (Continued)**

From time to time the Master Fund may invest in Investee Funds that may be part of an Initial Public Offering ("IPO"), gains or losses related to an IPO may not be attributed to Participating Shareholders that have elected to be treated as restricted persons under US FINRA rules 5130 and 5131 or failed to convert their shares into unrestricted shares. Therefore, such gains or losses are attributed to Participating Share Classes designated as 'Unrestricted' as they arise on a proportional basis.

**Statement of Changes in Sponsor and Participating Shares**

for the year ended 31 December 2020

|  | Sponsor<br>Shares<br>£ | Standard<br>Sterling<br>Share Class<br>Restricted<br>£ | Standard<br>Sterling<br>Share Class<br>Unrestricted<br>£ | Professional<br>Sterling<br>Share Class<br>Restricted<br>£ | Professional<br>Sterling<br>Share Class<br>Unrestricted<br>£ | Institutional<br>A Sterling<br>Share Class<br>Unrestricted*<br>£ | Total<br>£  |
|--|------------------------|--|--|--|--|--|-------------|
| <b>Balance at 1 January 2020</b>   | 1                      | 8,227,213  | 10,111,683   | 3,451,572  | 6,135,249  | –  | 27,925,718  |
| Change in net assets attributable to holders of Participating Shares resulting from operations | –                      | 773,140  | 1,160,799  | 380,426  | (24,581)   | 1,038,113  | 3,327,897   |
| Subscriptions during the year  | –                      | 86,903   | 650,000  | 515,971  | 803,349  | 14,974,428   | 17,030,651  |
| Redemptions during the year  | –                      | (892,413)  | (340,794)  | –  | (4,596,699)  | –  | (5,829,906) |
| <b>Balance at 31 December 2020</b>   | 1                      | 8,194,843  | 11,581,688   | 4,347,969  | 2,317,318  | 16,012,541   | 42,454,360  |
| Number of Participating Shares in issue  | n/a                    | 42,350.19  | 85,759.26  | 32,243.77  | 16,568.51  | 13,801.62  | 190,723.35  |
| <b>Net Asset Value Per Participating Share</b>   | n/a                    | 193.50   | 135.04   | 134.84   | 139.86   | 1,160.19   | n/a         |

\* The Institutional A Sterling Share Class Unrestricted shares were issued on 1 April 2020.

Switches between share classes of £5,112,671 have been presented as both subscriptions and redemptions within the totals shown above.

**5. Share Capital and Net Asset Value per Participating Share (Continued)**

|  | Sponsor<br>Shares<br>£ | Standard<br>Sterling<br>Share Class<br>Restricted<br>£ | Standard<br>Sterling<br>Share Class<br>Unrestricted<br>£ | Professional<br>Sterling<br>Share Class<br>Restricted<br>£ | Professional<br>Sterling<br>Share Class<br>Unrestricted<br>£ | Total<br>£   |
|--|------------------------|--|--|--|--|--------------|
| <b>Balance at 1 January 2019</b>   | 1                      | 15,485,408   | 813,938  | 2,497,595  | 2,835,823  | 21,632,765   |
| Change in net assets attributable to holders of Participating Shares resulting from operations | –                      | 684,014  | 226,489  | 183,870  | 286,674  | 1,381,047    |
| Subscriptions during the year  | –                      | 4,136,300  | 9,071,256  | 921,355  | 3,512,752  | 17,641,663   |
| Redemptions during the year  | –                      | (12,078,509)   | –  | (151,248)  | (500,000)  | (12,729,757) |
| <b>Balance at 31 December 2019</b>   | 1                      | 8,227,213  | 10,111,683   | 3,451,572  | 6,135,249  | 27,925,718   |
| Number of Participating Shares in issue  | n/a                    | 46,821.14  | 83,209.21  | 28,181.23  | 48,764.36  | 206,975.94   |
| <b>Net Asset Value Per Participating Share</b>   | n/a                    | 175.71   | 121.52   | 122.47   | 125.81   | n/a          |

Switches between share classes of £9,556,122 have been presented as both subscriptions and redemptions within the totals shown above.

The capital of the Company is represented by the net assets attributable to holders of Participating Shares. The amount of net assets attributable to holders of Participating Shares can change significantly on a monthly basis, as the Company is subject to monthly subscriptions and redemptions at the discretion of shareholders, as well as changes resulting from the Company's performance. The objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and maintain a strong capital base to support the development of the investment activities.

In order to maintain the capital structure, the policy is to perform the following:

- Monitor the level of monthly subscriptions and redemptions relative to the assets it expects to be able to liquidate within the month.
- Redeem and issue new Participating Shares in accordance with the constitutional documents.

The Board of Directors monitor capital on the basis of the value of net assets attributable to Participating Shareholders.

**6. Bank Overdraft**

The Company has an ongoing credit facility with The Northern Trust Company, and is secured over the portfolio of the Company. The Northern Trust Company is entitled to interest ("Interest Charges") at an annual rate of 1.5% above the Northern Trust base rate of -1.40% (2019: -0.75%) on any overdrawn balances. The Interest Charges are incurred daily and are included in the Statement of Comprehensive Income within Finance costs.

**7. Related Parties**

In accordance with IAS 24 "Related Party Disclosures" the related parties of the Company are outlined below. Some parties, who are connected as a result of key contracts, also have significant proximity to the operations of the Company and so are also outlined below in order to comply with the substance of IAS 24.

The Company's related and connected parties include the Directors, the Administrator and its affiliates, the Bermuda Administrator, the Investment Adviser and the Depositary. Principal amounts incurred during the year, and amounts due as at the Statement of Financial Position date, are clearly identified in the financial statements. Other amounts are outlined below.

**Key Management Personnel**

Mrs T Gibbons is a Director of the Investment Adviser. Mr M J Harvey and Mr A Hopkin are Directors of the Continental Management Limited, the Secretary, Directors of Continental Sponsors Ltd., the sponsoring broker on the Bermuda Stock Exchange, Director of Global Fund Services Ltd., the Bermuda Administrator, and directly and indirectly hold shares in, the Investment Adviser. Mr K Gundle is a shareholder of, and Vice President of Information with, the Investment Adviser. Mr D R Cottingham is a Director of, and directly and indirectly holds shares in, the Investment Adviser.

The Investment Adviser owns all of the Sponsor Shares of the Company. The Investment Adviser is also the sponsor, adviser and investment manager to a number of other investment companies and the Directors of the Company and the Investment Adviser may serve as Directors of such companies.

## 7. Related Parties (Continued)

### Key Management Personnel (continued)

The Directors are entitled to remuneration for their services from the Master Fund, please refer to the accompanying Master Fund financial statements for details of remuneration paid to the Directors.

At 31 December 2020, Directors and parties so connected did not directly or indirectly hold Participating Shares in the Company (2019: Nil).

### Other Key Contracts

The Company is related to the Master Fund through common Directors having significant influence over the combined operations of the Feeder Funds and the Master Fund. The value of the Company's investment in the Master Fund is presented in the Statement of Financial Position as 'Investments at fair value', transactions between the Company and the Master Fund during the year are outlined in note 8 'Financial Instruments and Risk Exposure'.

During the year, Participating Shareholders switched their investment to the Company from other Feeder Funds that were settled by the Company receiving an equivalent value of shares of the Master Fund from those Feeder Funds. 9,174.20 units of the Institutional A Sterling Unrestricted Class at a fair value of £10,345,087 were switched from the Institutional Sterling Feeder Fund in exchange for 33,243.53 shares of the Master Fund of the same value.

Please refer to the accompanying Master Fund financial statements for details related to Other Key Contracts.

Banking facilities are supplied by an affiliate of the Administrator, as outlined on page 17. Interest Charges in relation to the bank overdraft are included in the Statement of Comprehensive Income recorded within 'Finance Costs'.

At 31 December 2020, £82,443 (2019: £3,993) was due from the Master Fund for the Company's Unrestricted Income Allocation. This has been presented within 'Other receivables' on the Statement of Financial Position.

## 8. Financial Instruments and Risk Exposure

The Company invests all its assets, other than currency hedging, into the Master Fund which is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds. These risks are explained in the financial statements of the Master Fund which are attached. Financial instruments include investments, cash and cash equivalents, other receivables, subscriptions to shares not yet allotted, bank overdrafts, accrued expenses and Participating Shares presented as financial liabilities.

The Master Fund and the Feeder Funds operate as an integrated structure whereby the Feeder Funds invest solely into the Master Fund except in respect of currency hedging. Total subscriptions made by the Company into the Master Fund during the year were £13,512,349 (2019: £6,668,786) and total redemptions made by the Company out of the Master Fund during the year were £2,066,490 (2019: £3,424,105).

Investments in the Master Fund are recorded at the Net Asset Value per share as reported by the Administrator of the Master Fund at the measurement date. Where the Administrator is unable to provide Net Asset Value per share, the Directors make their own assessment of value based on available information. In determining fair value, the Directors take into consideration, where applicable, the impact of suspensions of redemptions, liquidation proceedings, investments in side pockets and any other significant factors.

At 31 December 2020, and 31 December 2019, there were no instances wherein the Administrator was unable to provide the Net Asset Value per share or that the Directors considered it necessary to make any adjustment to the Net Asset Value per share provided in order to arrive at fair value.

As at 31 December 2020, and 31 December 2019, the Company had no capital commitment obligations and no amounts were due from the Company for unsettled purchases. The Company invests into the Master Fund by purchasing the Master Fund's redeemable Participating Shares. The Master Fund allows redemption of these shares on a monthly basis with a 90 day notification period. Movements in the fair value of the Master Fund's portfolio and corresponding movements in the fair value of the Company expose the Company to a profit or loss.

Forward foreign exchange contracts and cash and cash equivalents are held with the Depositary. The Depositary is a wholly owned subsidiary of Northern Trust Corporation that had a Long Term Rating from Standard and Poors of A+ at 31 December 2020 (31 December 2019: A+).

**8. Financial Instruments and Risk Exposure (Continued)**

## Liquidity Risk

The following tables show the contractual undiscounted cash flows of the Company's financial liabilities on the basis of the earliest possible maturity. Participating Shares may be redeemed on a monthly basis subject to 90 days prior notice.

**As at 31 December 2020**

| <b>Liabilities</b>  | <b>&lt; 1 month</b><br>£ | <b>1 - 3 months</b><br>£ | <b>3 months to 1 year</b><br>£ | <b>Total</b><br>£ |
|---|--------------------------|--------------------------|--------------------------------|-------------------|
| Unrealised depreciation on forward foreign exchange contracts |                          |                          |                                |                   |
| - Inflow  | (209,220)                | (193,620)                | -                              | (402,840)         |
| - Outflow   | 217,243                  | 200,763                  | -                              | 418,006           |
| Subscriptions to shares not yet allotted                      | -                        | -                        | 218,000                        | 218,000           |
| Incentive fees payable  | 100,511                  | -                        | -                              | 100,511           |
| Investment Adviser fees payable                               | 53,438                   | -                        | -                              | 53,438            |
| Other payables  | 8                        | -                        | -                              | 8                 |
| Net assets attributable to holders of Participating Shares    | -                        | -                        | 42,454,359                     | 42,454,359        |
| <b>Total Liabilities</b>                                      | <b>161,980</b>           | <b>7,143</b>             | <b>42,672,359</b>              | <b>42,841,482</b> |

**As at 31 December 2019**

| <b>Liabilities</b>   | <b>&lt; 1 month</b><br>£ | <b>1 - 3 months</b><br>£ | <b>3 months to 1 year</b><br>£ | <b>Total</b><br>£ |
|--|--------------------------|--------------------------|--------------------------------|-------------------|
| Bank Overdraft   | 73,269                   | -                        | -                              | 73,269            |
| Subscriptions to shares not yet allotted                   | -                        | -                        | 50,000                         | 50,000            |
| Investment Adviser fees payable                            | 40,633                   | -                        | -                              | 40,633            |
| Incentive fees payable                                     | 14,199                   | -                        | -                              | 14,199            |
| Other payables   | 5                        | -                        | -                              | 5                 |
| Net assets attributable to holders of Participating Shares | -                        | -                        | 27,925,717                     | 27,925,717        |
| <b>Total Liabilities</b>                                   | <b>128,106</b>           | <b>-</b>                 | <b>27,975,717</b>              | <b>28,103,823</b> |

## Currency Risk

The Company is exposed to currency risk in pursuit of its investment objective, set out in note 1 'General'. The currency risk is managed on a monthly basis using Forward Foreign Exchange Contracts.

At the Statement of Financial Position date there was a net exposure to currency risk:

**As at 31 December 2020**

| Currency  | Monetary<br>Assets<br>£ | Monetary<br>Liabilities<br>£ | Forward Foreign<br>Exchange Contracts<br>£ | Net Exposure<br>£ |
|-----------|-------------------------|------------------------------|--|-------------------|
| US dollar | 40,850,945              | -                            | (40,608,548)                               | 242,397           |

**As at 31 December 2019**

| Currency  | Monetary<br>Assets<br>£ | Monetary<br>Liabilities<br>£ | Forward Foreign<br>Exchange Contracts<br>£ | Net Exposure<br>£ |
|-----------|-------------------------|------------------------------|--|-------------------|
| US dollar | 26,521,388              | (73,274)                     | (26,207,674)                               | 240,440           |

## Leverage

The Master Fund and the Feeder Funds may use overall leverage up to a maximum of 30% of the Master Fund's and the Feeder Funds' total assets, without double counting, from time to time for general investment purposes or to facilitate redemptions.

**8. Financial Instruments and Risk Exposure (Continued)**

Leverage (continued)

During the year the maximum leverage utilised by the Company, measured at any one month end, was less than 3% (2019: less than 12%). Please refer to the Master Fund financial statements for details of the maximum leverage utilised by the Master Fund.

**9. Forward Foreign Exchange Contracts**

As at 31 December 2020, the Company had entered into and not closed Forward Foreign Exchange Contracts to hedge the value of the Company's portfolio.

**Open Forward Foreign Currency Transactions at 31 December 2020**

| Currency Sold   | Currency Bought | Currency Rate | Maturity date    | Unrealised Gain/(Loss)<br>£ |
|-----------------|-----------------|---------------|------------------|-----------------------------|
| US\$ 13,091,437 | £               | 1.2918        | 29 January 2021  | 558,697                     |
| US\$ 13,230,642 | £               | 1.2941        | 26 February 2021 | 548,260                     |
| US\$ 13,426,241 | £               | 1.3371        | 31 March 2021    | 224,747                     |
| US\$ 4,783,479  | £               | 1.2918        | 29 January 2021  | 204,142                     |
| US\$ 4,762,191  | £               | 1.2941        | 26 February 2021 | 197,339                     |
| US\$ 4,497,430  | £               | 1.3365        | 31 March 2021    | 76,844                      |
| US\$ 139,205    | £               | 1.2939        | 29 January 2021  | 5,769                       |
| US\$ 586,276    | £               | 1.3504        | 31 March 2021    | 5,485                       |
| US\$ 586,276    | £               | 1.3502        | 26 February 2021 | 5,477                       |
| US\$ 586,276    | £               | 1.3500        | 29 January 2021  | 5,459                       |
| US\$ 195,599    | £               | 1.3369        | 26 February 2021 | 3,271                       |
| US\$ 195,599    | £               | 1.3367        | 29 January 2021  | 3,266                       |
| £ 16,453        | US\$            | 0.7729        | 29 January 2021  | (882)                       |
| £ 117,840       | US\$            | 0.7485        | 29 January 2021  | (2,687)                     |
| £ 117,824       | US\$            | 0.7484        | 26 February 2021 | (2,689)                     |
| £ 82,949        | US\$            | 0.7729        | 29 January 2021  | (4,453)                     |
| £ 82,939        | US\$            | 0.7728        | 26 February 2021 | (4,455)                     |
|                 |                 |               |                  | 1,823,590                   |

**Open Forward Foreign Currency Transactions at 31 December 2019**

| Currency Sold   | Currency Bought | Currency Rate | Maturity date    | Unrealised Gain<br>£ |
|-----------------|-----------------|---------------|------------------|----------------------|
| US\$ 10,597,870 | £               | 1.2254        | 31 January 2020  | 655,033              |
| US\$ 10,612,187 | £               | 1.2417        | 28 February 2020 | 548,178              |
| US\$ 11,452,347 | £               | 1.2933        | 31 March 2020    | 231,040              |
| US\$ 326,667    | £               | 1.2307        | 31 January 2020  | 19,047               |
| US\$ 326,667    | £               | 1.2316        | 28 February 2020 | 19,028               |
| US\$ 314,250    | £               | 1.2912        | 31 January 2020  | 6,357                |
| US\$ 314,250    | £               | 1.2922        | 28 February 2020 | 6,347                |
| US\$ 199,243    | £               | 1.2912        | 28 February 2020 | 4,150                |
| US\$ 199,243    | £               | 1.2902        | 31 January 2020  | 4,146                |
| US\$ 139,155    | £               | 1.3126        | 31 January 2020  | 1,059                |
| US\$ 139,155    | £               | 1.3136        | 28 February 2020 | 1,058                |
| US\$ 139,155    | £               | 1.3147        | 31 March 2020    | 1,058                |
| US\$ 14,316     | £               | 1.2406        | 31 January 2020  | 741                  |
|                 |                 |               |                  | 1,497,242            |

## 10. Fair Value Measurement

The fair value hierarchy prioritises the inputs to valuation techniques used to measure fair value. The categorisation of assets and liabilities within the hierarchy is explained in note 9 of the Master Fund's notes to the financial statements.

The fair value of investments in the Master Fund is determined using the unadjusted net asset value (Level 2 valuation). The unadjusted net asset value is used because the units in the Master Fund are redeemable at the reportable net asset value at, or approximately at, the measurement date. If this were not to be the case, then the net asset value would be used as a valuation input and an adjustment applied for lack of marketability or liquidity generally based on available market information (Level 3 valuation). Any adjustment would be based on management judgement after considering the period of restrictions and the nature of the Master Fund.

The fair value of Forward Foreign Exchange Contracts is determined by using quoted forward exchange rates at the reporting date (Level 2 valuation) less contracted forward exchange rates.

The following table represents the financial instruments carried on the Statement of Financial Position at fair value by level within the valuation hierarchy, under IFRS 13 "Fair Value Measurement", as at 31 December 2020 and 31 December 2019:

| Financial assets and liabilities at fair value through profit or loss at 31 December 2020        |          |                   |          |                   |
|--|----------|-------------------|----------|-------------------|
|  | Level 1  | Level 2           | Level 3  | Total             |
|  | £        | £                 | £        | £                 |
| Aurum Isis Fund Ltd.   | –        | 40,764,597        | –        | 40,764,597        |
| Net unrealised appreciation on Forward Foreign Exchange Contracts                                | –        | 1,823,590         | –        | 1,823,590         |
| <b>Financial assets and liabilities at fair value through profit or loss at 31 December 2020</b> | <b>–</b> | <b>42,588,187</b> | <b>–</b> | <b>42,588,187</b> |

| Financial assets at fair value through profit or loss at 31 December 2019        |          |                   |          |                   |
|--|----------|-------------------|----------|-------------------|
|  | Level 1  | Level 2           | Level 3  | Total             |
|  | £        | £                 | £        | £                 |
| Aurum Isis Fund Ltd.   | –        | 26,521,388        | –        | 26,521,388        |
| Net unrealised appreciation on Forward Foreign Exchange Contracts                | –        | 1,497,242         | –        | 1,497,242         |
| <b>Financial assets at fair value through profit or loss at 31 December 2019</b> | <b>–</b> | <b>28,018,630</b> | <b>–</b> | <b>28,018,630</b> |

There were no transfers between Levels 1, 2 or 3 assets held in either year.

No investments have been classified within Level 3 at any time during the year, consequently no reconciliation of Level 3 fair value measurements is required.

For the year ended 31 December 2020, and 31 December 2019, all other assets and liabilities, other than investments at fair value, whose carrying amounts approximate fair value would have been considered to be classified within Level 2 of the fair value hierarchy if such classification was required.

The Company redeems and issues redeemable Participating Shares at the amount equal to the proportionate share of net assets of the Company at the time of subscription or redemption, calculated on a basis consistent with that used in the financial statements. Accordingly, the carrying amount of Net assets attributable to holders of Participating Shares approximates their fair value. The shares are categorised into Level 2 of the fair value hierarchy.

**11. Movement on Investments**

Gains and losses related to investments are recognised in the Statement of Comprehensive Income within Net gain on investments. The net gain comprises unrealised gains and losses reflecting the movement in the fair value of investments and forward foreign currency contracts held at the 31 December 2020 and realised gains and losses related to investments sold and forward foreign currency contracts settled during the year. The Net gain on investments for the year includes the Company's allocation of unrestricted income of £223,443 (2019: £46,001), such gains, or losses, are solely attributed to unrestricted Participating Shareholders. The net gain for the year is analysed in the table below:

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| Realised gain on investments for the year                          | 754,210          | 1,135,229        |
| Unrealised gain on investments for the year                        | 2,266,579        | 108,491          |
| Realised gain on forward foreign currency contracts for the year   | 2,900,780        | 899,376          |
| Realised loss on forward foreign currency contracts for the year   | (2,213,158)      | (2,133,862)      |
| Unrealised gain on foreign currency holdings for the year          | -                | 9                |
| Unrealised loss on foreign currency holdings for the year          | (1,130)          | -                |
| Unrealised gain on forward foreign currency contracts for the year | 341,514          | 1,878,861        |
| Unrealised loss on forward foreign currency contracts for the year | (15,166)         | -                |
| <b>Net gain on investments for the year</b>                        | <b>4,033,629</b> | <b>1,888,104</b> |

Where a realised gain or loss that has already been recognised as an unrealised gain or loss in a prior period, a corresponding gain or loss is included in unrealised gain or loss for the current period.

**12. Taxation**

The Company has received an undertaking from the Ministry of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act, 1966 exempting the Company from Bermuda income, profit, capital transfer or capital taxes, should such taxes be enacted, until 31 March 2035.

**13. Subsequent Events**

No events have occurred in respect of the Company subsequent to 31 December 2020 which would require revision or disclosure in these financial statements.