

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2018**

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2018**

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**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
CORPORATE DATA**

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		<b>Date appointed</b>	<b>Date resigned</b>
<b>Directors</b>	: Tinesh Ramprasad Osiris Management Services Ltd	February 2, 2016 May 25, 2016	- -
<b>Registered Office</b>	: Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
<b>Administration &amp; Secretary</b>	: GB Fund Services Ltd Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
<b>Investment Manager</b>	: Conservative Yield Management Ltd Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
<b>Auditor</b>	: Baker Tilly 1st Floor CyberTower One Ebène 72201 Mauritius		
<b>Banker</b>	: Afrasia Bank Limited Bowen Square, 10, Dr Ferriere Street, Port Louis, Mauritius		
<b>BSX Listing Sponsor</b>	: Global Custody and Clearing The LOM Building 27 Reid Street Hamilton, HM 11 Bermuda		

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
COMMENTARY OF THE DIRECTORS  
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018**

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The directors present the audited financial statements of GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND, (the “Fund”), for the period from 21 June 2018 (date of commencement) to 31 December 2018.

**PRINCIPAL ACTIVITY**

The Fund is recognised as a Professional Fund under the Securities and Investment Business Act, 2010, as amended by the laws of the British Virgin Islands. The investment objective of the Fund is to achieve superior risk-adjusted real returns by investment in a range of listed and unlisted equities, bonds, commodities, derivatives, futures, mutual funds and related instruments. Any funds selected will offer a spread of investments across geographic regions and asset classes.

The Fund has listed 24,500 class D Participating Shares on the Bermuda Stock Exchange (BSX).

**RESULTS**

The results for the period are shown in the accompanying financial statements and related notes.

**DIRECTORS**

The present membership of the Board is set out on page 1.

**STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Fund’s directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of redeemable participating shares and cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors’ responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund’s ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

**AUDITOR**

The auditor, Baker Tilly, have expressed its willingness to continue in office until the next Annual Meeting.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD –  
CONSERVATIVE YIELD FUND**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND (the “Fund”) on pages 6 to 24, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the period ended 31 December 2018, and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements for the period ended 31 December 2018 on pages 6 to 24:

- (i) have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”);
- (ii) give a true and fair view of the matters to which they relate;
- (iii) present fairly the financial position of the Fund for the period ended 31 December 2018 and its financial performance, changes in net assets and cash flows for the period ended on that date; and

*Basis for opinion*

We conducted our audit in accordance with International Standards on Audit (ISAs). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Basis of accounting*

We draw attention to the fact that the financial statements are prepared to assist the Company to meet its filing requirements of the Bermuda Stock Exchange. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

*Responsibilities of Directors and Those Charged with Governance for the Financial Statements*

The directors are responsible for the preparation of financial statements that give a true and fair view 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 Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund’s financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD –  
CONSERVATIVE YIELD FUND (CONTINUED)**

**Report on the Audit of the Financial Statements (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 performed 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund 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 the directors regarding, among 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD –  
CONSERVATIVE YIELD FUND (CONTINUED)**

**Report on the Audit of the Financial Statements (continued)**

*Other Information*

The directors are responsible for the other information. The other information comprises the Corporate data and Commentary of the directors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 in this regard.

A handwritten signature in blue ink that reads "Baker Tilly". The signature is written in a cursive style and is underlined with a blue line.

**Baker Tilly**

Date: 4 December 2019

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Note	For the period from 21 June 2018 to 31 December 2018
		USD
<b>INCOME</b>		
Interest income		384,871
<b>Total income</b>		<u>384,871</u>
<b>EXPENSES</b>		
Administration fees		7,523
Investment management fees	5	<u>250,683</u>
<b>Total expenses</b>		<u>258,206</u>
<b>Profit before taxation</b>		126,665
Taxation	3(d)	-
<b>Profit for the period</b>		<u>126,665</u>
Other comprehensive income for the period, net of tax		-
<b>Increase in net assets attributable to holders of class D participating shares</b>		<u>126,665</u>
<b>Basic and diluted earnings per share</b>	10	37.84

The notes on pages 10 to 24 form an integral part of these financial statements.



**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Note	2018 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in financial assets	4	33,860,801
		33,860,801
<b>Current assets</b>		
Cash and cash equivalents		3,277
<b>Total assets</b>		33,864,078
<b>Current liabilities</b>		
Accruals and payables	6	261,483
		261,483
<b>Net assets attributable to holders of Class D participating shares</b>	8	33,602,595
		33,602,595
Number of class D participating shares in issue	8	3,347.59
Net asset value per redeemable class D participating shares		10,038

Approved and authorised for issue by the Board of Directors on 04 December 2019 and signed on its behalf by:

  


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**OSIRIS MANAGEMENT SERVICES LTD**  
**DIRECTOR**

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE  
 SHARES  
 FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	Note	<u>2018</u> USD
Increase in net assets attributable to holders of redeemable shares		126,665
<b>Contributions by holders of class D participating shares:</b>		
Issue of redeemable class D participating shares	8	<u>33,475,930</u>
<b>At end of the period</b>		<u><u>33,602,595</u></u>

The notes on pages 10 to 24 form an integral part of these financial statements.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	For the period from 21 June 2018 to 31 December 2018
	USD
<b>Cash flows from operating activities</b>	
Profit before taxation	126,665
<i>Adjustment for:</i>	
<b>Changes in working capital</b>	
Change in accruals and payables	261,483
Change in interest income receivable	<u>(384,871)</u>
	3,277
Acquisition of investments	<u>(33,475,930)</u>
<b>Net cash used in operating activities</b>	<u>(33,472,653)</u>
 <i>Cash flow from financing activities</i>	
Issuance of class D participating shares	<u>33,475,930</u>
<b>Net cash from financing activities</b>	<u>33,475,930</u>
 Net increase in cash and cash equivalents	3,277
Cash and cash equivalents at beginning of period	<u>-</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>3,277</u></u>

The notes on pages 10 to 24 form an integral part of these financial statements.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**1. REPORTING ENTITY**

GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND (the “Fund”), was incorporated in British Virgin Islands (BVI) on 22 February 2013. The registered office of the Fund is at Coastal Building, Wickham’s Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands. The Fund is a “Professional Fund” within the meaning of the Securities and Investment Business Act, 2010 (as amended and including the Mutual Funds Regulations, 2010 and any other regulations made under this Act) (SIBA). According to the prospectus of the Fund, the Fund may only issue shares to persons who are “Professional Investors” within the meaning of SIBA and the minimum subscription per investor in the Fund shall not be less than USD 100,000 or its equivalent in another currency. The Fund is authorised to issue 24,500 class D participating shares.

The Fund has listed 24,500 class D participating shares on the Bermuda Stock Exchange (BSX), of which 3,347.59 shares have been issued.

The objective of the Fund is to achieve absolute returns on its investment capital as well as to preserve this capital in times of declining markets.

The Investment Manager, Conservative Yield Management Ltd, will supervise and assist in the management of the Fund.

**2. BASIS OF PREPARATION**

**(a) *Statement of compliance***

The financial statements as at and for the period ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

**(b) *Basis of measurement***

The financial statements are prepared on the going concern basis using the historical cost convention, except for financial instruments at fair value through profit or loss which are carried at the fair value as disclosed in the accounting policies thereafter.

**(c) *Functional and presentation currency***

These financial statements are presented in United States Dollars (“USD”), which is the Fund’s functional currency. All financial information presented in USD has been rounded to the nearest unit except when otherwise indicated.

**(d) *Use of estimates and judgements***

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. BASIS OF PREPARATION (CONTINUED)**

*(d) Use of estimates and judgements (continued)*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

*(i) Judgements*

*Going concern*

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

*Functional currency*

The Fund's primary capital-raising currency is the United States Dollar ("USD") and the Fund's performance and liquidity are evaluated and managed in USD. Therefore, the Fund considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and condition.

*(ii) Estimates and assumptions*

Information about critical estimates and assumptions in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes or accounting policies.

*(e) New accounting policies*

*Amendments to IFRS 9 Financial Instruments*

The Fund early adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. BASIS OF PREPARATION (CONTINUED)**

*(e) New accounting policies (continued)*

*Amendments to IFRS 9 Financial Instruments (continued)*

(a) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at fair value through profit or loss. Therefore, this requirement has not had an impact on the Fund.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses (ECLs) on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Fund to credit risk, this amendment has not had a material impact on the financial statements. The Fund only holds other receivables with no financing component and that have maturities of less than 12 months at amortised cost. Therefore, it has adopted an approach similar to the simplified approach to ECLs.

(c) Hedge accounting

The Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

*Amendments to IFRS 15 Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Fund has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application of 1 January 2018.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. BASIS OF PREPARATION (CONTINUED)**

*(f) Accounting standards and interpretations issued but not yet effective*

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Fund would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

	<b>Effective for accounting period beginning on or after</b>
IFRS 16 Leases	1 January 2019

*IFRS 16 Leases*

IFRS 16 was issued in January 2016 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. Lessor accounting is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, however early adoption is permitted. The Fund has no leases and expects that the of adoption this standard will have no impact on the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently in these financial statements by the Fund.

*(a) Financial instruments*

*(i) Classification*

The Fund has classified financial assets and financial liabilities into the following categories:

*Financial assets at amortised cost:*

- *Investments in securities*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) *Financial instruments (continued)*

(i) *Classification (continued)*

*Financial assets at amortised cost:*

- *Loans and receivables – cash and cash equivalents*

A non-derivative financial asset with fixed or determinable payments may be classified as a loan and receivable unless it is quoted in an active market, or it is asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment, if any.

*Financial liabilities at amortised cost:*

Other liabilities – accounts accruals and other payables and net assets attributable to holders of redeemable participating shares.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(ii) *Recognition and initial measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(iii) *Fair value measurement*

‘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 measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) *Financial instruments (continued)***

*(iv) Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

*(v) Impairment*

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

*(vi) Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) *Financial instruments (continued)***

*(vi) Derecognition (continued)*

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or has expired.

*(vii) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturity of three months or less.

*(viii) Specific instruments*

*Cash and cash equivalents*

Cash comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their value, and are used by the Fund in the management of its short-term commitments.

*Accruals and payables*

Accruals and payables are carried at amortised cost using the effective interest method.

*Class D participating shares*

The class D participating shares are redeemable at the option of the holder and are classified as financial liabilities. The shares are measured at the present value of the redemption amounts.

**GOLDEN HIND INTERNATIONAL INVESTMENTS SPC LTD – CONSERVATIVE YIELD FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 31 DECEMBER 2018**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) *Interest income***

Interest income, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument.

When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable are recognised in profit or loss as interest income.

**(c) *Expenses***

All expenses are accounted for in profit or loss on the accrual basis.

**(d) *Taxation***

The Fund is not required to pay any income taxes under the British Virgin Islands Income Tax Act. Furthermore, the investors in the Fund will not have to pay any British Virgin Islands income taxes or capital gains taxes on payments received from the Fund. Provided the Fund has no employee in the British Virgin Islands, the Fund will have no liability to British Virgin Islands payroll taxes.

Capital gains realised with respect to any shares of the Fund are exempt from income tax in the British Virgin Islands and there are no estate, inheritance, succession or gift taxes payable in the British Virgin Islands with respect to any shares of the Fund. The only taxes payable by the Fund are withholding taxes applicable to certain investment income.

**(e) *Foreign currency***

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in the profit or loss.

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**4. INVESTMENTS IN FINANCIAL ASSET**

	<u>2018</u> USD
Balance at beginning of period	-
Additions	33,475,930
Interest accrued	384,871
Balance at end of period	<u>33,860,801</u>

As at 31 December 2018, the Fund held 2,616 Preference Shares in Beaufort Cay Investments Ltd, a company incorporated in the British Virgin Islands and representing a total percentage ownership of 100%. Beaufort Cay Investments Ltd is an investment holding company. The Fund earns a monthly interest of Libor + 1%.

**5. PERFORMANCE FEES AND MANAGEMENT FEES**

The Investment Manager will be entitled to receive, for each calendar quarter, a performance fee paid quarterly in arrears with respect to each Series of Shares outstanding during such calendar quarter. The performance fee will be an amount equal to a maximum of 20% of the appreciation in the Net Asset Value of each Series of Shares in excess of the high-water mark and the hurdle rate for such calendar quarter before giving effect to the performance fee. The hurdle rate shall be 5% per annum. The performance fee is subject to a high-water mark, pursuant to which such performance fee is only paid on new appreciation in the Net Asset Value of each Series of Shares. No performance fees was accrued for the period ended 31 December 2018.

The Fund will pay a management fee to the Investment Manager equal to 2% per annum of the net asset value of each series of shares calculated and accrued monthly and, payable in arrears as of the last day of each quarter (adjusted for subscriptions and redemptions made during the relevant month). Management fee for the period amounted to **USD 250,683**.

**6. ACCRUALS AND PAYABLES**

	<u>2018</u> USD
Payable to the Investment Manager (note 9)	250,683
Payable to the Administrator (note 9)	7,523
Payable to registered agent	3,277
	<u>261,483</u>

Amount payable to related party are repayable on demand and are interest free.

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**7. FINANCIAL RISK MANAGEMENT**

The Fund has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. The Fund's securities are susceptible to market risk arising from uncertainties about future prices of the instruments. Since all securities investments present a risk of loss of capital, the investment manager moderates this risk through a careful selection of securities and other financial instruments.

**(i) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is not exposed to foreign currency risk since all its financial assets and financial liabilities are denominated in USD.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund has no recourse to debt financing. All investments are financed with the capital contribution of its shareholder. All the Fund's financial assets, except the bank deposits and investments in preference shares, and liabilities are non-interest bearing. Interest income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates. The Fund does not seek to maximise interest income in view of its policy to achieve a superior risk-adjusted return through medium term and long term capital appreciation of its investments. Interest income on investment may change due to a change in interest rate and sensitivity analysis is disclosed as follows.

*Sensitivity analysis*

At 31 December 2018, based on the assumption that the interest rate had been 1% higher or lower on the financial asstes, post-tax profits would have increased/decreased by USD 122,033.

**(iii) Price risk**

The Fund is exposed to equity securities price arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of its investment portfolio. As at 31 December 2018, the Company did not have any financial assets which was subject to price risks.

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**7. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

Financial assets that potentially expose the Fund to credit risk consist principally of other receivables and cash and cash equivalents. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as at reporting date. The carrying amount of financial assets represents the maximum credit exposure. The credit risk for investment in financial assets and cash and cash equivalents amounting to **USD 33,864,078**.

None of the above financial assets are secured by collateral or other credit enhancements and are not past due nor impaired.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's policy and the investment manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity risk is reduced substantially as the Fund has no recourse to debt financing. All investments are financed with the capital from its shareholders. At reporting date, the Fund has invested in a single unlisted company with value of **USD 33,860,801** - Note 4. As a result, the Fund may not be able to liquidate quickly its investment at an amount close to its fair value to meet its liquidity requirements. The fair value of its investment that can be realised is also dependent on the financial performance of the underlying investment of the Fund's direct investee.

The table below summarises the maturity profile of the Fund's financial liabilities as at 31 December 2018, based on contractual undiscounted payments.

<b>2018</b>	<b>On demand</b>	<b>1 to 3 months</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Accruals and payables	-	261,483	261,483
Class D participating shares	<b>33,602,595</b>	-	<b>33,602,595</b>
<b>At 31 December 2018</b>	<b>33,602,595</b>	<b>261,483</b>	<b>33,864,078</b>

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**7. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(d) Financial instrument by category*

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value whose carrying amounts are reasonable approximations to their fair values due to the short-term nature of these financial assets and liabilities.

**31 December 2018**

	Carrying amount			Total USD
	At amortised cost USD	Designated at fair value through profit or loss USD	Other financial liabilities USD	
Investments in financial assets	33,860,801	-	-	33,860,801
Cash and cash equivalents	3,277	-	-	3,277
	<u>33,864,078</u>	<u>-</u>	<u>-</u>	<u>33,864,078</u>
<b>Financial liabilities not measured at fair value</b>				
Accruals and payables	-	-	261,483	261,483
Class D participating shares	-	-	33,602,595	33,602,595
	<u>-</u>	<u>-</u>	<u>33,864,078</u>	<u>33,864,078</u>

The carrying amounts of cash and cash equivalents, accruals and payables and net assets attributable to holders of redeemable class D participating shares approximate their fair values as they are realised or settled within the short-term period. Hence for these instruments, disclosures in terms of levels of the fair value hierarchy is not required.

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**7. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(e) Capital management*

The Fund actively and regularly manages its capital position to maintain a balance between its liability and equity level.

The redeemable class D preference shares issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor’s share in the Fund’s net assets at each redemption date and are classified as liabilities. For a description of the terms of the redeemable class D preference shares issued by the Fund, refer to Note 8. The Fund’s objectives in managing the redeemable class D preference shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions. The Fund’s management of the liquidity risk arising from redeemable class D preference shares is discussed in Note 7 (c).

*(f) Concentration risk*

At the reporting date, the Fund’s assets consisted of investment in a single company, Beaufort Cay Investments Ltd, a company incorporated in the British Virgin Island, and also another investment holding company. Therefore, the value of the Fund’s investment is impacted by factors which affects the performance of the underlying investee and the economic, political and industrial environment in which it operates.

**8. SHARE CAPITAL AND NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

	<u>31 December 2018</u>	
	Shares	USD
<i>Redeemable Class D participating shares:</i>		
Issued and fully paid:		
At beginning of period	-	-
Issued during the period at par value USD 10,000 each	<u>3,347.59</u>	<u>33,475,930</u>
At end of period	<u>3,347.59</u>	<u>33,475,930</u>
<i>Total shares</i>	<u><u>3,347.59</u></u>	<u><u>33,475,930</u></u>



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**8. SHARE CAPITAL AND NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)**

*Net assets attributable to:*

	<u>2018</u> USD
<i>Redeemable class D participating shares:</i>	
At beginning of the period	
<b>Contributions by holders:</b>	
Issue of redeemable class D shares during the period	33,475,930
Increase in net assets attributable to holders	<u>126,665</u>
<b>At end of the period</b>	<u>33,602,595</u>

***Rights of management shares***

The management shares carry all voting rights and are non-participating.

***Rights of redeemable class D participating shares***

The Class D participating shares are non-voting redeemable shares and shall have:

- the right to an equal share in any dividend in respect of the portfolio;
- the right to participate in any surplus assets of the Portfolio;
- the right to any dividend or distribution surplus net income made at the discretion of the directors;
- no voting rights
- right to redeem such participating shares out of the portfolio assets in accordance with defined terms set out in the prospectus of the Fund;

**9. RELATED PARTY TRANSACTIONS**

For the period ended 31 December 2018, the Fund had transactions with its related parties. The nature, volume of transactions and balances are as follows:

**31 December 2018**

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Volume of transactions</u> USD	<u>Balance at receivable/ (payable) at</u> USD
Conservative Yield Management Ltd	Investment Manager	Management fees	<u>250,683</u>	<u>(250,683)</u>
GB Fund Services Ltd	Administrator	Administrative fees	<u>7,523</u>	<u>(7,523)</u>
Osiris International Trustees Limited	Registered agent	Annual fees	<u>3,277</u>	<u>(3,277)</u>

There have been no transactions with key management personnel during the period.

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**10. EARNINGS PER SHARE (EPS)**

The calculation of basic and diluted earnings per share is based on profits attributable to equity shareholders and the weighed-average number of equity shares in issue as at 31 December 2018. Basic and diluted earnings per share were the same since there was no potential dilutive shares at 31 December 2018. Equity share capital consists of class D participating shares equal USD 33,602,595 and issued shares equal 3,347.59 which equates to a basic and diluted EPS of USD 37.84.

**11. SEGMENTAL INFORMATION**

The Fund reports segmented information in terms of geographical location. Geographical location is split between the British Virgin Islands, Bermuda and Mauritius.

For the year ended 31 December  
2018

Geographical locations	British Virgin Islands USD	Bermuda USD	Mauritius USD	Total USD
<b>INCOME</b>				
Coupon Interest	384,871	-	-	384,871
<b>Total income</b>	<b>384,871</b>	<b>-</b>	<b>-</b>	<b>384,871</b>
<b>EXPENSES</b>				
Investment management fees	250,683	-	-	250,683
Administrative fees	7,523	-	-	7,523
<b>Total expenses</b>	<b>258,206</b>	<b>-</b>	<b>-</b>	<b>258,206</b>
<b>Increase in net assets attributable to class B ordinary shares</b>	<b>126,665</b>			<b>126,665</b>
<b>Segment assets</b>	<b>33,860,801</b>	<b>-</b>	<b>-</b>	<b>33,860,801</b>
<b>Segment liabilities</b>	<b>258,206</b>	<b>-</b>	<b>-</b>	<b>258,206</b>

**12. COMPARATIVE FIGURES**

This is the first set of financial statements prepared by the Fund since the launching of the cell Conservative Yield Fund. Hence, no comparative information is available.

**13. EVENTS AFTER THE REPORTING DATE**

There have been no significant event after the reporting date which requires disclosure or amendments to the 31 December 2018 financial statements.