

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

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GUERNSEY PORTFOLIOS PCC LIMITED - CORE

COMPANY STRUCTURE

Guernsey Portfolios PCC Limited ("the Company") is an open-ended investment company of unlimited duration incorporated in Guernsey on 5 October 2006 as a protected cell company in accordance with the provisions of the Protected Cell Companies Ordinance, 1997 (subsequently replaced by the Companies (Guernsey) Law, 2008).

The Directors of the Company have elected to prepare separate financial statements for the Core and for each Cell that is active as at the year end. These financial statements are for the Core.

The below Cells were active during the year ended 31 March 2020:

- Kestrel Opportunities Fund
- Saltus Private Equity Portfolio
- RJMG Global Total Return (formerly RMG Real Return Fund)
- Westbridge Fund

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

REPORT OF THE DIRECTORS

The Directors of Guernsey Portfolios PCC Limited ("the Company") submit the annual report and audited financial statements of the Core for the year ended 31 March 2020.

Principal Activity

The principal activity of the Core is to be the Core for the Company which is an open-ended investment vehicle. The Core has no activity other than that of holding the management shares and associated receivables and had no activity during the year; hence no profit and loss account is presented in the accompanying financial statements. See page 1 for a list of active Cells during the year.

Results and dividends

The Core neither made a profit nor a loss during the year (31 March 2019: £nil). The Directors of the Company do not recommend the payment of a dividend for the financial year (31 March 2019: £nil).

Going Concern

On the advice of Saltus LLP, the Board has considered the potential efficiencies and benefits which could be achieved by an amalgamation of majority of the existing Guernsey Portfolio PCC Limited Cells (the "Existing Cells") into New Cells, which are newly formed protected cells of Zedra (PCC) No. 1 Limited ("Zedra"), an existing protected cell company incorporated in Guernsey which, like the Company, is an open-ended collective investment scheme authorised by the GFSC pursuant to The Authorised Collective Investment Schemes (Class B) Rules 2013. Aside from the New Cells, Zedra has a further four cells. The Board has considered the Manager's advice in this regard and, with the exception of Mr Stimpson has decided to step down in favour of a new Board. At the same time the administration of the current PCC will be transferred to Zedra Fund Managers Limited. It is expected that proposals will be put forward by the new board in order to effect this proposed amalgamation. It is proposed that the net assets of each of the Existing Cells will be transferred to the equivalent New Cell, which will have the same investment objective and limitations as the relevant Existing Cell, in exchange for shares in those relevant New Cells being issued to Shareholders as set out in a Shareholder Circular which is anticipated to be produced in July 2020.

As such, the Board are of the opinion that it is no longer appropriate to prepare these financial statements on a going concern basis and have therefore chosen to prepare the financial statements on a basis other than that of going concern. This has not had any impact on the carrying value of the company's assets or liabilities and no adjustments have been made to these financial statements as a result of preparing them on a basis other than that of a going concern.

In January 2020, an outbreak of a novel coronavirus, subsequently classified as COVID-19, was detected in China. During the following months, COVID-19 spread steadily throughout the World and was declared a global pandemic. In order to stem the spread of the virus, Governments around the World took drastic steps which included compulsory closure of various businesses, shops and schools and heavy restrictions on movement of people which had a significant effect of global economies. While the Board continue to monitor the development and impact of the virus, they are of the opinion that given that the Administrator is able to continue to provide services by working remotely and the impact of the decision to transfer Guernsey Portfolios PCC Limited assets, as detailed above, COVID-19 is likely to have minimal impact on the operations of the Cell.

Directors

The Directors of the Company who served during the year and to date are listed below.

Patrick Firth
Ben Morgan
Grant Wilson
Nick Stebbing
Michael Stimpson
Julian Hayden (resigned 10 October 2019)
Paul Egerton-Vernon (resigned 17 October 2019)

The address of the Directors is the registered office of the Company.

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

REPORT OF THE DIRECTORS (continued)

Directors (continued)

As of the date of this Report, the Directors or their families who had an interest, beneficial or non-beneficial, in the share capital of the Company were; Paul Egerton-Vernon; Patrick Firth; and Ben Morgan. The shareholdings of the aforementioned were as follows:

	31 March 2020 Shareholding	31 March 2019 Shareholding
Paul Egerton-Vernon		
Kestrel Opportunities	132,141	132,141
Patrick Firth		
Kestrel Opportunities	12,625	12,625
Ben Morgan		
Kestrel Opportunities	6,184	6,184

No other Director or their families had any interest in the Cells as at 31 March 2020.

There have been no changes to the Directors' shareholdings since 31 March 2020.

Directors' Responsibilities Statement

The Directors of the Company are responsible for preparing the annual report and the financial statements for each financial year which give a true and fair view of the state of affairs of the Core in accordance with applicable Guernsey law and European Union ("EU") adopted International Financial Reporting Standards ("IFRS"). In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Core will continue in business (as detailed in the going concern paragraph above, and also note 2 of the financial statements, these financial statements have not been prepared on a going concern basis).

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Core and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008, The Authorised Collective Investment Schemes (Class B) Rules, 2013 made under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Company's principal documents. They are also responsible for safeguarding the assets of the Core and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Core's auditor is unaware, having taken all steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Core's auditor is aware of that information.

Corporate Governance

Following the publication by the GFSC of the Finance Sector Code of Corporate Governance in September 2011 (re-issued in 2016, effective from 1 April 2016 year ends onwards) (the "Code"), the Directors have considered the effectiveness of their corporate governance practices with regard to the principles set out in the Code. The Directors are satisfied with their degree of compliance with the principles set out in the Code in the context of the nature, scale and complexity of the Company's business.

Independent Auditor

As the Board have resolved to wind up the operations of the Company a resolution to reappoint BDO Limited as auditor of the Company will not be required.

Director

Date: 25 June 2020

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

CUSTODIAN'S REPORT TO THE SHAREHOLDERS

In our capacity as Custodian to the Company we confirm that, in our opinion, the Manager has managed the Company during the year ended 31 March 2020, in accordance with the provisions of the principal documents of the Company, The Authorised Collective Investment Schemes (Class B) Rules, 2013 ("Class B Rules") and that no material breaches have occurred.

BUTTERFIELD BANK (GUERNSEY) LIMITED

PO Box 25
Regency Court
Glategny Esplanade
St Peter Port
Guernsey, GY1 3AP

Date: 25 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUERNSEY PORTFOLIOS PCC LIMITED - CORE

Opinion

We have audited the financial statements of the Core ("the Core") of Guernsey Portfolios PCC Limited (the "Company") for the year ended 31 March 2020, which comprise the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards, as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. 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 relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard 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.

Emphasis of Matter – basis of preparation other than going concern

We draw attention to note 2 to the financial statements which explains that the directors of the Company have made a decision to close one of the Company's cells and to transfer the administration of the Company cells which is likely to lead to the assets of the remaining Company cells being transferred into a new structure within the next 12 months. On completion of this the Company will be wound up and therefore they do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than that of a going concern as described in note 2. Our audit opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUERNSEY PORTFOLIOS PCC LIMITED – CORE, CONTINUED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Core; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view 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.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Core's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Core's members 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 responsibility to anyone other than the Core and the Core's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Date: 25 June 2020

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

STATEMENT OF FINANCIAL POSITION As at 31 March 2020

		2020	2019
	Notes	£	£
Assets			
Receivables		100	100
Total Assets		<u>100</u>	<u>100</u>
Equity			
Management share capital	4	100	100
Total equity		<u>100</u>	<u>100</u>

The financial statements on pages 7 to 9 were approved by the Board of Directors and authorised for issue on 25 June 2020.

Director

The accompanying notes on pages 8 and 9 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. General Information

Guernsey Portfolios PCC Limited (the "Company") is an open-ended investment company of unlimited duration incorporated in Guernsey on 5 October 2006 as a protected cell company in accordance with the provisions of the Protected Cell Companies Ordinance, 1997 (subsequently replaced by the Companies (Guernsey) Law, 2008), initially with five Cells, subsequently increasing to fourteen (four of which were active at the end of the reporting period (31 March 2019: four)). The Company is authorised by the Guernsey Financial Services Commission as a Class B Collective Investment Scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 1987. A meeting was held on 17 April 2009, whereby the Board resolved to retain the Company's current status as an "Authorised Fund".

2. Principal Accounting Policies

Basis of accounting

The principal activity of the Core is to be the core for the Company, which is an open-ended investment vehicle, and has no activity other than that of holding the management shares and associated receivables.

The financial statements have been prepared in accordance with applicable law, the Company's principal documents and IFRS as adopted by the EU.

None of the new accounting standards, interpretations and amendments that have become effective in the current year have had a material impact on these financial statements.

As the Core has no activity, none of the new standards, amendments to existing standards or interpretations that are effective in future periods are expected to have a material impact on the financial statements.

There was no income or expenses during the current and prior years. As such, no Statement of Comprehensive Income has been presented in these financial statements.

The Core holds no bank accounts and no cash flows occurred during the year. As such no Statement of Cash Flows has been presented in these financial statements.

There was no change in the Core's equity during the current or prior year. As such, no Statement of Changes in Equity has been presented in these financial statements.

Going Concern

On the advice of Saltus LLP, the Board has considered the potential efficiencies and benefits which could be achieved by an amalgamation of majority of the existing Guernsey Portfolio PCC Limited Cells (the "Existing Cells") into New Cells, which are newly formed protected cells of Zedra (PCC) No. 1 Limited ("Zedra"), an existing protected cell company incorporated in Guernsey which, like the Company, is an open-ended collective investment scheme authorised by the GFSC pursuant to The Authorised Collective Investment Schemes (Class B) Rules 2013. Aside from the New Cells, Zedra has a further four cells. The Board has considered the Manager's advice in this regard and, with the exception of Mr Stimpson has decided to step down in favour of a new Board. At the same time the administration of the current PCC will be transferred to Zedra Fund Managers Limited. It is expected that proposals will be put forward by the new board in order to effect this proposed amalgamation. It is proposed that the net assets of each of the Existing Cells will be transferred to the equivalent New Cell, which will have the same investment objective and limitations as the relevant Existing Cell, in exchange for shares in those relevant New Cells being issued to Shareholders as set out in a Shareholder Circular which is anticipated to be produced in July 2020.

As such, the Board are of the opinion that it is no longer appropriate to prepare these financial statements on a going concern basis and have therefore chosen to prepare the financial statements on a basis other than that of going concern. This has not had any impact on the carrying value of the company's assets or liabilities and no adjustments have been made to these financial statements as a result of preparing them on a basis other than that of a going concern.

GUERNSEY PORTFOLIOS PCC LIMITED - CORE

NOTES TO THE FINANCIAL STATEMENTS, continued For the year ended 31 March 2020

3. Critical accounting estimates and judgments

Going Concern

Please refer to note 2 for further details on the going concern assessment.

4. Share capital

The Management shares may only be issued at par and to Saltus (Channel Islands) Limited (the "Manager"). The Management shares carry no voting rights in the Company whilst any Participating Redeemable Preference shares of any Cell are in issue.

The Management shares do not carry any right to dividends and are not redeemable.

Issued share capital	Number of shares	Share capital £
Equity Shares		
Management shares of £1 each at 31 March 2020 and 31 March 2019	100	100
Total Equity Shares	100	100

5. Related Parties

Mr Patrick Firth, a Director of the Company, is also a director of the Manager.

Mr Grant Wilson, a Director of the Company, is also a Director of the Manager.

Mr Michael Stimpson, a Director of the Company, is also a Director of the Manager.

Mr Nick Stebbing, a Director of the Company, is also an alternate Director of the Manager.

Mr Ben Morgan, a Director of the Company, is also a Partner of the Company's Legal Advisers, Carey Olsen (Guernsey) LLP.

6. Events after the end of the reporting period

On the advice of Saltus LLP, the Board has considered the potential efficiencies and benefits which could be achieved by an amalgamation of majority of the existing Guernsey Portfolio PCC Limited Cells (the "Existing Cells") into New Cells, which are newly formed protected cells of Zedra (PCC) No. 1 Limited ("Zedra"), an existing protected cell company incorporated in Guernsey which, like the Company, is an open-ended collective investment scheme authorised by the GFSC pursuant to The Authorised Collective Investment Schemes (Class B) Rules 2013. Aside from the New Cells, Zedra has a further four cells. The Board has considered the Manager's advice in this regard and, with the exception of Mr Stimpson has decided to step down in favour of a new Board. At the same time the administration of the current PCC will be transferred to Zedra Fund Managers Limited. It is expected that proposals will be put forward by the new board in order to effect this proposed amalgamation. It is proposed that the net assets of each of the Existing Cells will be transferred to the equivalent New Cell, which will have the same investment objective and limitations as the relevant Existing Cell, in exchange for shares in those relevant New Cells being issued to Shareholders as set out in a Shareholder Circular which is anticipated to be produced in July 2020.

With effect from the 30 June 2020, the Administration of Guernsey Portfolios PCC Limited and the Cell will transfer from Praxis Fund Services Limited to Zedra Fund Managers (Guernsey) Limited. The Manager of Guernsey Portfolios PCC Limited and the Cell will also be transferred from Saltus (Channel Islands) Limited to Zedra Fund Managers (Guernsey) Limited.

There were no other significant post year end events that require disclosure in these financial statements.