

**The Red Fort Partnership  
Limited**

**Unaudited Interim  
Financial Statements**

**For the six month period ended 30 June 2023**

## THE RED FORT PARTNERSHIP LIMITED

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## THE RED FORT PARTNERSHIP LIMITED

### OFFICERS AND PROFESSIONAL SERVICE PROVIDERS

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<b>Registered Office:</b>	1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Directors:</b>	Justin Baring Allister Carey Rupert Evans Nicholas Harwood Marc Yates
<b>Investment Advisor:</b>	JB Management (UK) LLP 1A Burnsall Street London United Kingdom SW3 3SR
<b>Administrator, Secretary, Registrar and Designated Manager:</b>	Apex Fund Administration (Guernsey) Limited (formerly MJ Hudson Fund Services Guernsey Limited) 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Custodian and Banker:</b>	Butterfield Bank (Guernsey) Limited Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3AP
<b>Listing Agent:</b>	Ogier Corporate Finance Limited 44 Esplanade St Helier Jersey JE4 9WG
<b>Auditor:</b>	Moore Stephens Audit and Assurance (Guernsey) Limited P.O. Box 146 Level 2 Park Place Park Street St Peter Port Guernsey GY1 3HZ
<b>Registration number:</b>	51464

THE RED FORT PARTNERSHIP LIMITED

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2023

	Notes	Period ended 30 June 2023 USD	Period ended 30 June 2022 USD
<b>UNAUDITED</b>			
<b>INVESTMENT INCOME</b>			
Investment income		424,453	381,649
Interest income		14,525	15
Net capital losses on investments at fair value through profit or loss	4	(904,692)	(3,847,178)
<b>NET INVESTMENT LOSS</b>		<b>(465,714)</b>	<b>(3,465,514)</b>
<b>EXPENSES</b>			
Advisory fees	9	118,600	127,509
Administration fees		54,849	54,548
Transaction fees		733	5,241
Directors' fees	9	24,997	24,861
Custodian fees		10,567	11,170
Audit fees		10,146	10,036
Regulatory fees		6,246	6,506
General expenses		6,492	8,608
Net loss on currency exchange		11,135	43,155
<b>TOTAL EXPENSES</b>		<b>243,765</b>	<b>291,634</b>
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE SHARES BEFORE TAX</b>		<b>(709,479)</b>	<b>(3,757,148)</b>
Withholding taxes		(79,541)	(65,065)
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(789,020)</b>	<b>(3,822,213)</b>

The notes on pages 7 to 19 form part of these financial statements

THE RED FORT PARTNERSHIP LIMITED

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 USD	31 December 2022 USD
		UNAUDITED	AUDITED
<b>ASSETS</b>			
Investments	4	22,166,369	22,476,201
Other receivables and prepayments	5	9,918	5,482
Cash and cash equivalents		442,296	640,639
<b>TOTAL ASSETS</b>		<b>22,618,583</b>	<b>23,122,322</b>
<b>EQUITY</b>			
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE SHARES</b>			
Share premium	7	160,335,583	160,061,502
Accumulated Losses	8	(137,811,194)	(137,022,174)
		22,524,389	23,039,328
<b>LIABILITIES</b> (excluding net assets attributable to holders of participating redeemable shares)			
Management share capital	7	151	151
Other payables and accruals	6	94,043	82,843
		94,194	82,994
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,618,583</b>	<b>23,122,322</b>
		USD	USD
NAV per share	7	<b>98.38</b>	<b>101.86</b>

Approved by the board of Directors and authorised for issue on 21 September 2023 and signed on its behalf by:

Rupert Evans  
Director

Allister Carey  
Director

The notes on pages 7 to 19 form part of these financial statements

THE RED FORT PARTNERSHIP LIMITED

**UNAUDITED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE SHARES**  
**For the six month period ended 30 June 2023**

	Period ended 30 June 2023	
	Number of shares	USD
Net assets attributable to holders of participating redeemable shares as at 1 January 2023	<u>226,190.16</u>	<u>23,039,328</u>
Proceeds from issues of participating redeemable shares	3,889.66	389,400
Redemptions of participating redeemable shares	(1,122.70)	(115,319)
Net increase from share transactions	<u>2,766.96</u>	<u>274,081</u>
Total comprehensive loss	-	(789,020)
<b>Net assets attributable to holders of participating redeemable shares as at 30 June 2023</b>	<b><u>228,957.12</u></b>	<b><u>22,524,389</u></b>
	Period ended 30 June 2022	
	Number of shares	USD
Net assets attributable to holders of participating redeemable shares as at 1 January 2022	<u>216,392.42</u>	<u>24,341,276</u>
Proceeds from issues of participating redeemable shares	9,889.41	1,205,113
Redemptions of participating redeemable shares	(1,210.99)	(136,227)
Net increase from share transactions	<u>8,678.42</u>	<u>1,068,886</u>
Total comprehensive loss	-	(3,822,213)
<b>Net assets attributable to holders of participating redeemable shares as at 30 June 2022</b>	<b><u>225,070.84</u></b>	<b><u>21,587,949</u></b>

The notes on pages 7 to 19 form part of these financial statements

THE RED FORT PARTNERSHIP LIMITED

UNAUDITED INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023

	Period ended 30 June 2023 USD	Period ended 30 June 2022 USD
	UNAUDITED	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive loss	(789,020)	(3,822,213)
Adjustments for:		
Dividend income	(424,453)	(381,649)
Increase in receivables and prepayments	(4,436)	(9,200)
Increase in payables and accruals	11,200	3,568
Net loss on currency exchange	11,135	43,155
Net realised gain on investments	(34,750)	(692,733)
Unrealised loss on revaluation of investments	939,442	4,539,911
Dividends received	424,453	381,649
Purchase of investments	(629,610)	(1,935,810)
Sale of investments	34,750	1,577,611
<b>NET CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>(461,289)</b>	<b>(295,711)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares	389,400	1,205,113
Redemption of shares	(115,319)	(136,227)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>274,081</b>	<b>1,068,886</b>
<b>NET (DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY ADJUSTMENT</b>	<b>(187,208)</b>	<b>773,175</b>
Effect of exchange rates on cash and cash equivalents	(11,135)	(43,155)
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(198,343)</b>	<b>730,020</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
At the beginning of the period	640,639	118,423
Net (decrease)/ increase in cash and cash equivalents	(198,343)	730,020
<b>At the end of the period</b>	<b>442,296</b>	<b>848,443</b>

The notes on pages 7 to 19 form part of these financial statements

## 1. PRINCIPAL ACTIVITIES

The Red Fort Partnership Limited (the 'Fund') is an open-ended Guernsey limited liability company, registered on 11 February 2010 with registration number 51464. The Fund is authorised by the Guernsey Financial Services Commission ('GFSC') under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as an authorised open ended Investment Scheme under the Class B Rules 2021. The registered office of the Fund is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

The investment objective of the Fund is to seek long-term capital appreciation by investing in a portfolio substantially composed of companies operating in the gold, other precious metals and basic materials sectors. The Fund may invest in securities that are listed, unlisted, rated or unrated.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unaudited interim financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

### **Basis of preparation**

The Fund's unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The unaudited interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value and on the going concern basis.

There are new standards and amendments to existing standards that are effective for the period beginning on 1 January 2023. None of these standards or amendments are deemed relevant to the Company; hence, they have not been disclosed.

A number of new standards are effective for periods beginning on or after 1 January 2023 and early application is permitted; however, the Company has not adopted the new or amended standards in preparing these unaudited interim financial statements. None of the standards are expected to have a material impact on the Company's unaudited interim financial statements.

### **Going concern**

The Directors, having considered the Company's objectives and available resources along with its projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors remain confident that the going concern basis remains appropriate in preparing these unaudited interim financial statements.

### **Foreign currency**

#### *Functional and presentation currency*

The presentation currency of the Fund is United States Dollars ('USD'). Subscriptions and redemptions are effected in USD and the Directors consider that USD is also the functional currency of the Fund.



## 2. PRINCIPAL ACCOUNTING POLICIES - continued

### **Foreign currency**

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the Unaudited Interim Statement of Financial Position.

Foreign exchange gains and losses arising from translation are included in the Unaudited Interim Statement of Comprehensive Income

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Unaudited Interim Statement of Comprehensive Income within 'Net loss on currency exchange'.

Where foreign currency items are held at fair value, the foreign currency movements are treated as part of the fair value change.

### **Use of estimates**

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unaudited interim financial statements is included in note 10.

### **Valuation principles**

The Fund's value is calculated each month based on the valuation of its underlying assets and liabilities as at 8.00am on the last business day of each month ('Valuation Day'). All subscriptions and redemptions are based on the Fund's net asset value attributable to holders of participating redeemable shares ('net asset value per share'), determined by Apex Fund Administration (Guernsey) Limited (the 'Administrator'), at values as of 8.00am on the Valuation Day.

The net assets attributable to holders of participating redeemable shares of the Fund comprise the aggregate amount of all the investments owned or contracted to be purchased by the Fund as of the Valuation Day, plus any cash, bills, accrued interest, or other property of any kind as defined from time to time by the board of Directors, from which are deducted the accrued management, custodian and administrative expenses, the value of any investments contracted to be sold, the aggregate amount of any borrowings, any interest or other charges, or other liabilities of any kind as defined from time to time by the board of Directors.

The net asset value per share is expressed in USD and is determined by dividing the net assets attributable to holders of participating redeemable shares of the Fund by the number of participating redeemable shares in issue on the Valuation Day.

## 2. PRINCIPAL ACCOUNTING POLICIES – continued

### **Financial instruments**

#### *Classification*

The Fund classified all equity investments as financial assets at fair value through profit or loss upon initial recognition. Financial assets that are classified as loans and receivables include cash and cash equivalents and receivables. Financial liabilities measured at amortised cost include fees payable and payables on securities purchased.

#### *Recognition, derecognition and initial measurement*

The Fund recognises financial assets or liabilities on the date it commits to purchase or sell the instrument. Financial instruments designated on initial recognition as financial assets at fair value through profit or loss are recognised initially at cost. For financial assets acquired, cost is the fair value of the consideration given, while for the financial liabilities, cost is the fair value of the consideration received.

Transaction fees for financial assets at fair value through profit or loss investments are not included in the amount initially recognised and are written off to the Unaudited Interim Statement of Comprehensive Income as incurred. Financial assets classified as loans and receivables are recognised on the day that they are transferred to the Fund at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets are derecognised when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership. Any gain or loss on derecognition is recognised in the Unaudited Interim Statement of Comprehensive Income under 'Net capital gains/(losses) on investments at fair value through profit or loss'.

Financial liabilities are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue. Financial liabilities arising from the participating redeemable shares issued by the Fund are carried at the redemption amount representing the investors' rights to a residual interest in the Fund's assets. Financial liabilities are not recognised unless one of the parties has performed their obligations under the agreement.

#### *Subsequent measurement*

Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value, with changes in the fair value recognised in the Unaudited Interim Statement of Comprehensive Income. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or, in the case of non-exchanged traded instruments, sourced from a reputable broker/counterparty at the date of the Unaudited Interim Statement of Financial Position without any deduction for estimated future selling costs. The Fund only holds long positions, which are valued at bid price.

#### *Unrealised gains and losses on subsequent measurement*

Unrealised gains and losses arising from changes in the fair value of investments during the period are recognised in the Unaudited Interim Statement of Comprehensive Income under 'Net capital gains/(losses) on investments at fair value through profit or loss'.

## 2. PRINCIPAL ACCOUNTING POLICIES – continued

### **Financial instruments (continued)**

In the case of any security which is listed or dealt on more than one stock exchange, the Directors shall determine the stock exchange whose quotations shall be used in the determination of the value of such a security. This determination is made consistently from period to period, and between different investments.

In the case of any security for which no price quotations are available, the value thereof shall be determined in such manner as the Directors shall from time to time determine.

### **Due from and due to brokers**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the Unaudited Interim Statement of Financial Position respectively.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and cash on deposit.

### **Income**

Interest income is accounted for on an accruals basis and recognised in the Unaudited Interim Statement of Comprehensive Income. Interest income includes interest earned on cash held at bank on call and on deposit.

Dividend income from investments is accounted for on an ex-dividend basis, gross of applicable withholding taxes and is recognised in the Unaudited Interim Statement of Comprehensive Income within investment income when the Fund's right to receive payments is established.

Redemption charge income is accounted for on an accruals basis and is recognised in the Unaudited Interim Statement of Comprehensive Income and is calculated in line with the Private Placement Memorandum of the Fund.

### **Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Due to the short-term nature of accrued expenses, their amortised cost approximates to their fair value.

### **Participating redeemable shares**

The Fund issues one class of participating redeemable share which is redeemable at the holder's option. Such shares are classified as equity. Participating redeemable shares can be redeemed at any time for cash equal to a proportionate share of the Fund's net asset value per share. The participating redeemable shares are carried at the redemption amount that is payable at the date of the Unaudited Interim Statement of Financial Position if the holder exercises the right to redeem their shares in the Fund.

Participating redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. In accordance with the provisions of the Fund's offering memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

## 2. PRINCIPAL ACCOUNTING POLICIES – continued

### **Increase/decrease in net assets attributable to holders of participating redeemable shares**

Income not distributed is included in net assets attributable to holders of participating redeemable shares.

### **Taxation**

The Fund resides for taxation purposes in Guernsey, where it pays an annual tax exemption fee of GBP 1,200 (2022: GBP 1,200) subject to the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

The Fund may be subject to foreign withholding tax on certain interest, dividends and capital gains.

## 3. SIGNIFICANT AGREEMENTS

The following significant contracts have been entered into by the Fund:

### **Investment Advisory Agreement**

Under the Investment Advisory Agreement, JB Management (UK) LLP (the 'Advisor') receives from the Fund an advisory fee on a sliding scale on the total Net Asset Value ("NAV"), payable monthly in arrears on a pro rata basis. For the first USD 50m of NAV, the fee is 1%; on the next USD 50m of NAV (i.e. from USD 50m to USD 100m), the incremental fee is 0.75%; and above USD 100m NAV, the incremental fee is charged at 0.25%." In addition to the advisory fee, a performance allocation fee is calculated and paid annually at a rate of 10% on the increase in the net asset value per share over a hurdle equal to the aggregate annual return of the USD SPDR Gold Shares ETF traded on the New York Stock Exchange at 8.00 am Guernsey time, over the calculation period.

The Advisor is also entitled to receive a Performance Allocation Redemption if participating redeemable shares are subscribed for at a time when the net asset value per share is less than the peak net asset value per share (as defined in the Private Placement Memorandum), in an amount equal to 10% of the appreciation in the value of those shares from the net asset value per share at subscription up to the peak net asset value per share. The Performance Allocation Redemption will be charged at the end of each calculation period by redeeming participating redeemable shares from the respective investors.

### **Custodian Agreement**

Under a Custody Agreement, Butterfield Bank (Guernsey) Limited (the 'Custodian') is entitled to receive a percentage based figure based on the NAV. From the Fund an annual fee for core custodian trustee activities of GBP 7,500, plus an annual custody fee of 0.050% on the first GBP 25m of the NAV, 0.035% on the next GBP 25m, 0.020% on the next GBP 25m and 0.010% thereafter, subject to a minimum of GBP 5,000 per annum.

### **Administration Agreement**

Under the Administration Agreement, MJ Hudson Fund Services Guernsey Limited (the 'Administrator') receives from the Fund a fee computed and payable quarterly in arrears. The fee is calculated at the rate of 0.125% of the net asset value of the Fund for the first USD 50m, 0.10% on the net asset value between USD 50m and USD 300m and 0.04% thereafter, with an overall minimum fee per annum of USD 110,000 (2021: USD 110,000). The Fund Administrator is also reimbursed all out-of-pocket expenses reasonably incurred.

## UNAUDITED INTERIM NOTES TO FINANCIAL STATEMENTS - CONTINUED

As at 30 June 2023

**3. SIGNIFICANT AGREEMENTS (continued)****Listing Sponsor Agreement**

Under a Services Agreement dated 28 April 2016, Ogier Corporate Finance Limited (the 'Listing Agent'), receives from the Fund an annual fee of GBP 2,000 per annum, payable in advance.

**4. INVESTMENTS**

	Six months to 30 June 2023 USD	Year to 31 December 2022 USD	Six months to 30 June 2022 USD
Opening book amount at fair value	22,476,201	24,305,452	24,305,452
Additions at cost	629,610	2,295,720	1,935,810
Disposal proceeds	(34,750)	(1,577,611)	(1,577,611)
Net realised gain on disposal of investments	34,750	692,733	692,733
Net unrealised loss on revaluation of investments	(939,442)	(3,240,093)	(4,539,911)
<b>Closing net book amount at fair value</b>	<b>22,166,369</b>	<b>22,476,201</b>	<b>20,816,473</b>

Total original cost of the investments as at the reporting date was USD 35,523,131 (31 December 2022: USD 34,893,521).

**5. OTHER RECEIVABLES AND PREPAYMENTS**

	30 June 2023 USD	31 December 2022 USD
Prepayments	9,918	5,482
	<b>9,918</b>	<b>5,482</b>

**6. OTHER PAYABLES AND ACCRUALS**

	30 June 2023 USD	31 December 2022 USD
Advisory fees (see Note 9)	18,543	18,967
Administration fees	27,425	27,425
Audit fees	30,283	18,918
Directors' fees (see Note 9)	12,464	12,465
Custodian fees	5,328	5,068
	<b>94,043</b>	<b>82,843</b>

THE RED FORT PARTNERSHIP LIMITED

UNAUDITED INTERIM NOTES TO FINANCIAL STATEMENTS - CONTINUED

As at 30 June 2023

7. SHARE CAPITAL AND SHARE PREMIUM

*Authorised share capital*

	Number of shares	USD
Management shares of GBP 1.00 each	100	151
Participating redeemable shares of no par value	25,000,000	-
	<b>25,000,100</b>	<b>151</b>

- i) Management shares have been issued to the Advisor. The management shares carry voting rights, are not redeemable, are not entitled to any dividends, and in the event of a liquidation rank only for return of the nominal amount paid up, prior to the return of the remaining balance of net assets to the holders of participating redeemable shares.
- ii) Participating redeemable shares are issued and redeemed at prices based on the value of the net assets as determined in accordance with the Articles of Association. The holders of participating redeemable shares are entitled to dividends, have limited voting rights, and upon liquidation are entitled to a share in surplus assets remaining after the return of the nominal amount paid up first on management shares.

*Issued share capital*

	Number of shares	Share capital USD	Share premium USD
<b>Participating redeemable shares</b>			
Balance at 1 January 2023	226,190.16	-	160,061,502
Issue of shares	3,889.66	-	389,400
Redemption of shares	(1,122.70)	-	(115,319)
Balance at 30 June 2023	<u>228,957.12</u>	<u>-</u>	<u>160,335,583</u>
Balance at 1 January 2022	216,392.42	-	158,892,617
Issue of shares	9,889.41	-	1,205,113
Redemption of shares	(1,210.99)	-	(136,227)
Balance at 30 June 2022	<u>225,070.84</u>	<u>-</u>	<u>159,961,503</u>
<b>Management shares</b>			
Balance at 30 June 2023 and 30 June 2022	<u>100.00</u>	<u>151</u>	<u>-</u>
<b>Total issued share capital</b>			
Balance at 30 June 2023	<u>229,057.12</u>	<u>151</u>	<u>160,335,583</u>
Balance at 30 June 2022	<u>225,170.84</u>	<u>151</u>	<u>159,961,503</u>

## THE RED FORT PARTNERSHIP LIMITED

### UNAUDITED INTERIM NOTES TO FINANCIAL STATEMENTS - CONTINUED

As at 30 June 2023

#### 7. SHARE CAPITAL AND SHARE PREMIUM – continued

The net asset value ('NAV') of the outstanding participating redeemable shares is as follows:

	Number of shares	Total net assets USD	NAV per share USD
At 30 June 2023	228,957.12	22,524,389	98.38
At 30 June 2022	225,070.84	21,587,949	95.92

At launch, on 1 March 2010, the NAV per share was USD 100.

#### 8. RETAINED EARNINGS

	30 June 2023 USD	31 December 2022 USD
Accumulated losses brought forward	(137,022,174)	(134,551,341)
Total comprehensive income	(789,020)	(2,470,833)
<b>Accumulated losses carried forward</b>	<b>(137,811,194)</b>	<b>(137,022,174)</b>

#### 9. RELATED PARTY TRANSACTIONS

Participating redeemable shares carry limited voting rights. Full voting rights attach to the management shares in issue. The Investment Advisor, a limited liability partnership registered in England and Wales, owns the management shares in issue. The Investment Advisor subscribed for these shares for a total consideration of USD 151 (2022: USD 151). Day to day control of the company is vested in the board of Directors.

The bases of calculation of the fees due to the Investment Advisor are set out in note 3. The Investment Advisor received remuneration of USD 118,600 (2022: USD 127,509) from the Fund during the period in respect of normal services provided, with USD 18,543 (2022: USD 17,773) outstanding at the end of the period.

The Investment Advisor did not receive a Performance Fee (2022: USD nil) or a Performance Allocation Redemption (2022: USD nil) from the relevant investors during the period. The Investment Advisor holds 11,125.30 (2022: 11,121.62) participating redeemable shares in the Fund at the end of the period.

During the period, the Directors charged fees of USD 24,997 (2022: USD 24,861), of which USD 12,464 (2022: USD 12,465) were outstanding at the end of the period.

Mr J Baring, a Director of the Fund, together with his close family, has an indirect beneficial interest in the Fund, of 22.15% (31 December 2022: 21.38%). Mr J Baring is also a Partner of the Investment Advisor.

Mr R Evans, a Director of the Fund, has an indirect beneficial interest in the Fund, as a Shareholder of a company owned jointly with his wife, of 2.79% (31 December 2022: 2.82%).

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT,**

During the year, the Fund entered into transactions which gave rise to the following financial assets and liabilities: investments, receivables, cash and cash equivalents and payables.

**Market risk**

Market risk is affected by three main components: price risk, interest rate risk and currency risk.

**Price risk**

The Fund is exposed to price risk on its financial instruments. There is a risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument held or factors affecting all financial instruments traded in the market.

At 30 June 2023, the Fund has a diversified equity portfolio. The Fund has equity securities which comprise 98.41% (31 December 2022: 97.56%) of net assets.

If the bid prices at 30 June 2023 had increased by 5% with all other variables held constant, this would have increased net assets attributable to holders of participating redeemable shares by approximately USD 1,108,318 (31 December 2022: USD 1,123,810). Conversely, if the bid prices had decreased by 5%, this would have decreased net assets attributable to holders of participating redeemable shares by approximately USD 1,108,318 (31 December 2022: USD 1,123,810).

**Interest rate risk**

The Fund is exposed to interest rate risk to the extent that prevailing interest rates may fluctuate on the floating rate instruments.

The exposure at 30 June 2023 of financial assets and financial liabilities to interest rate risk is limited to cash and cash equivalents of USD 442,296 (31 December 2022: USD 640,639). Cash and cash equivalents are all due within one year.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuation in the prevailing levels of interest rates.



UNAUDITED INTERIM NOTES TO FINANCIAL STATEMENTS - CONTINUED

As at 30 June 2023

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

**Currency risk**

A portion of the net assets of the Fund are denominated in currencies other than United States Dollars, with the effect that the Unaudited Interim Statement of Financial Position and Unaudited Interim Statement of Comprehensive Income can be affected by currency movements.

As at 30 June 2023, the Fund's net currency exposure on investments and other assets, comprising cash and cash equivalents, purchases and sales awaiting settlement and unsettled foreign exchange contracts can be analysed as follows:

	Investments USD	Other assets USD	Total USD
<b>30 June 2023</b>			
Australian Dollar	5,150,233	104,947	5,255,180
Canadian Dollar	7,035,845	20,075	7,055,920
Euro	668,926	10,064	678,990
Pound Sterling	4,506,731	139,898	4,646,629
South African Rand	2,945,691	-	2,945,691
Swedish Krona	1,351,637	34,857	1,386,494
United States Dollar	507,306	132,455	639,761
	<b>22,166,369</b>	<b>442,296</b>	<b>22,608,665</b>
	Investments USD	Other assets USD	Total USD
<b>31 December 2022</b>			
Australian Dollar	5,447,070	-	5,447,070
Canadian Dollar	6,329,485	55,089	6,384,574
Euro	880,353	-	880,353
Pound Sterling	4,460,743	188,709	4,649,452
South African Rand	3,498,789	48,174	3,546,963
Swedish Krona	1,343,860	-	1,343,860
United States Dollar	515,901	348,667	864,568
	<b>22,476,201</b>	<b>640,639</b>	<b>23,116,840</b>

If the foreign exchange rates at 30 June 2023 had increased by 5% with all other variables held constant, this would have increased net assets attributable to holders of participating redeemable shares by approximately USD 1,156,258 (31 December 2022: USD 1,171,177). Conversely, if the foreign exchange rates had decreased by 5%, this would have decreased net assets attributable to holders of participating redeemable shares by approximately USD 1,046,138 (31 December 2022: USD 1,059,636).

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued**

**Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of liquid assets.

Numerical liquidity risk disclosures are not presented on grounds of significance since the Fund has a very low level of liabilities, the majority of which are predictable, and the Fund's securities are listed on regulated stock exchanges and are considered readily realisable.

The Fund is also exposed to liquidity risk in respect of monthly cash redemptions of participating redeemable shares. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, redemption requests from shareholders must be received by the Fund at least 20 business days prior to the dealing day.

**Credit risk**

The Fund is exposed to material credit risk on its cash and cash equivalents and investments. Failure of the transaction counterparty to perform their obligations under the financial instruments may lead to a financial loss. The credit risk in respect of cash balances is mitigated by placing cash with a reputable banking institution with a sound credit rating, the Custodian.

No classes of financial assets contain impaired assets. The maximum exposure to credit risk over financial assets is the carrying value of those assets in the Unaudited Interim Statement of Financial Position.

All financial assets of the Fund have maturities of less than 30 days.

The Fund does not have any collateral held as security or other credit enhancements as at 30 June 2023 (31 December 2022: nil).

**Fair value**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurements in its entirety.

## UNAUDITED INTERIM NOTES TO FINANCIAL STATEMENTS - CONTINUED

As at 30 June 2023

## 10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

**Fair value – continued**

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Fund's financial assets (by class) measured at fair value at 30 June 2023:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>30 June 2023</b>				
Investments				
Equity securities	<u>21,775,960</u>	<u>-</u>	<u>390,409</u>	<u>22,166,369</u>
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
<b>31 December 2022</b>				
Investments				
Equity securities	<u>22,104,847</u>	<u>-</u>	<u>371,354</u>	<u>22,476,201</u>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

**Capital risk management**

The capital structure of the Fund consists of management shares and participating redeemable shares.

The Fund has issued 100 management shares of GBP 1.00 each. 99 of the management shares are held by the Advisor and 1 management share is held by a nominee company on behalf of the Advisor.

The participating redeemable shares issued by the fund provide the holder with the right to require redemption for cash at a value proportionate to the holder's share in the Fund's net assets at each monthly dealing date. The participating redeemable shares are classified within equity.

A description of the rights of each type of shares issued by the Fund is given in note 7.

**10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued**

**Capital risk management (continued)**

The Fund's objectives in managing the participating redeemable shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions.

**11. ULTIMATE CONTROLLING PARTY**

The Fund's immediate controlling party is JB Management (UK) LLP, a limited liability partnership registered in the United Kingdom, who is also the Fund's Investment Advisor and holder of the management shares in issue.

The Fund's ultimate controlling party is Justin Baring, the majority shareholder of JB Management (UK) LLP.

**12. EVENTS AFTER THE REPORTING DATE**

There are no subsequent events to report.