ADVANCED INVESTMENT HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2021

ADVANCED INVESTMENT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
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ADVANCED INVESTMENT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	J Lewis D Stephenson K Lancaster-King (appointed 20 August 2021) C Hickling (resigned 20 August 2021)
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Sanne Fund Services (Guernsey) Limited (formerly Praxis Fund Services Limited) Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
INVESTMENT ADVISER:	Investec Corporate and Institutional Banking 36 Hans Strijdom Avenue Foreshore Cape Town 8001 South Africa
REGISTERED OFFICE:	Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
AUDITOR:	Grant Thornton Limited PO Box 31 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	59932

REPORT OF THE DIRECTORS
For the year ended 30 September 2021

The Directors present the annual report and the audited financial statements ("the financial statements") of Advanced Investment Holdings Limited ("the Company") for the year ended 30 September 2021.

Principal Activity

The principal activity of the Company is that of a limited life investment holding company.

The Company is a Guernsey Registered closed-ended investment company and is subject to the Registered Collective Investment Scheme Rules and Guidance 2021. The Company is listed on the Bermuda Stock

Going concern

At an Extraordinary General Meeting of the Company held on 17 September 2020, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's current termination date of 9 December 2020, and authorised the Directors to seek to raise additional capital through a secondary fund raising. The fund raising closed on 23 December 2020 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the existing prospectus with effect from 17 September 2020, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate in December 2025.

The Board notes that the onset of the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the effect that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• Since the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Results and Dividends

The Statement of Comprehensive Income is set out on page 11. The Directors do not propose a dividend for the period (2020: £Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below.

Janine Lewis

David Stephenson

Keri Lancaster-King (appointed 20 August 2021)

Chris Hickling (resigned 20 August 2021)

Directors' and Other Interests
Janine Lewis is a Director of the Company and a director of Sanne Fund Services (Guernsey) Limited ("SFSGL") (formerly Praxis Fund Services Limited), the Company's Administrator, Secretary, Custodian and Registrar, David Stephenson is a Director of the Company and an employee of SFSGL, Keri Lancaster-King was appointed as a Director of the Company on 20 August 2021 and is a director of SFSGL, and Chris Hickling served as a Director of the Company until his resignation on 20 August 2021 and is a director of Sanne Holdings (Guernsey) Limited (formerly Praxis Fund Holdings Limited), the immediate parent company of SFSGL. Janine Lewis, Chris Hickling, David Stephenson and Keri Lancaster-King are shareholders in PraxisIFM Group Limited, which until 3 December 2021 was the ultimate parent company of SFSGL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to SFSGL and ICIB during the year are contained in notes 5 and 18 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results
The results and assets and liabilities of the Company during the life of the Company are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income/(Loss)
	£	£	£
Year ended 30 September 2021	44,029,375	11,908	3,419,557
Year ended 30 September 2020	30,876,734	15,000	(2,632,391)
Year ended 30 September 2019	33,508,687	14,562	2,187,553
Year ended 30 September 2018	31,400,710	12,144	(1,195,049)
Year ended 30 September 2017	32,595,670	12,055	3,303,861

Investment Portfolio
The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost	Market Value
		£	£
Investec Bank Limited Credit Linked Zero Coupon Deposit	80.2%	32,167,025	33,406,444
UBS AG Index Option	19.8%	5,654,562	8,222,703
		37,821,587	41,629,147

Investec Bank Limited and UBS AG are providers of financial services.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and financial statements in accordance with The Companies (Guernsey) Law, 2008.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

Statement of Directors' Responsibilities (continued)
Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with International Financial Reporting Standards, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Auditor
On 27 November 2020, Saffery Champness GAT LLP merged its business into Grant Thornton Limited and the Directors approved a proposal from Saffery Champness GAT LLP to novate the existing letter of engagement to Grant Thornton Limited. Grant Thornton Limited have expressed their willingness to continue in office and a resolution to re-appoint them as auditor to the Company will be proposed at the forthcoming Annual General

By Order of the Board

David Stephenson
Director
3 February 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Advanced Investment Holdings Limited

Opinion

We have audited the financial statements of Advanced Investment Holdings Limited (the "Company") which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of the Company's profit for the year then ended;
- are in accordance with IFRSs as adopted by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The key audit matter	How the matter was addressed in our audit
Valuation of financial assets at fair value through profit or loss (2021: £8.2 million; 2020: £nil) As at 30 September 2021, 19% of the carrying value of the Company's total assets were represented by investment at fair value through profit or loss. There is a risk that errors in the calculation of the investment value using designated inputs may occur and due to the financial significance of the investment balance, small errors in calculation or input factors could have a material misstatement on the reported value. Fair value is calculated using prices published on Reuters by the instrument issuer or other appropriate valuation models at the reporting date.	**Our audit procedures consisted of:** • Updating our understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of the financial asset at fair value; • Assessing whether the accounting policy of the Company relating to the valuation of investment at fair value, is in line with the requirements of IFRS as issued by the IASB and consistently applied; • Agreeing key inputs to the valuation of all investments at fair value through profit or loss to independently sourced confirmations or publicly available information; • Recalculating the value of the investment from the independently verified key inputs;

The key audit matter	How the matter was addressed in our audit
The key inputs to the valuation are the notional value and the published prices per Reuters. *Refer to the Accounting policies in Note 2 of the financial statements.*	• Reviewing Management's decisions regarding the selection of valuation methods and data used when deriving at the fair value of the financial asset; • Comparing the valuation to reported to valuations derived from possible alternative valuation methods; and • Assessing the calculations and inputs for evidence of management bias. **Our result** No material misstatements were noted as a result of our audit work on the valuation of financial assets at fair value through profit or loss.

Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, but does not include 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, 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.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Company; or
- the Company's Financial Statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 4, directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as issued by the IASB and applicable law, and for such internal control as management determines 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

To the members of Advanced Investment Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy Ellis.

INDEPENDENT AUDITOR'S REPORT

To the members of Advanced Investment Holdings Limited (continued)

Use of our report

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

3 February 2022

ADVANCED INVESTMENT HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2021

	Notes	**2021**	2020
		£	£
INCOME			
Interest income	6	**1,485,673**	1,580,653
GAINS/(LOSSES) ON INVESTMENTS			
Investments at fair value through profit and loss	7	**2,492,464**	(3,671,515)
Derivatives at fair value through profit and loss	9	**(53,180)**	(86,858)
		3,924,957	(2,177,720)
Operating expenses	10	**(508,885)**	(454,671)
Foreign exchange gains		**3,485**	-
PROFIT/(LOSS) FOR THE YEAR		**3,419,557**	(2,632,391)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit and loss			
Foreign exchange translation gains	17	**394,236**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**3,813,793**	(2,632,391)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per Class A share	11	**GBP 89.40**	GBP (84.81)
Basic and diluted earnings/(loss) per Class B share	11	**GBP 89.40**	N/A

There are no recognised gains or losses other than those reported above.

The notes on pages 15 to 29 are an integral part of these financial statements.

ADVANCED INVESTMENT HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	**2021** £	2020 £
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	7	**8,222,703**	-
Investments at amortised cost	8	**33,406,444**	-
		41,629,147	-
CURRENT ASSETS			
Investments at amortised cost	8	**-**	30,723,296
Derivatives at fair value through profit and loss	9	**-**	53,180
Trade and other receivables	12	**204,893**	85,812
Long-term deposits		**1,711,460**	-
Cash and cash equivalents		**483,875**	14,446
		2,400,228	30,876,734
CURRENT LIABILITIES			
Trade and other payables	13	**(8,300)**	(15,000)
NET CURRENT ASSETS		**2,391,928**	30,861,734
NON-CURRENT LIABILITIES			
Trade and other payables	13	**(3,608)**	-
NET ASSETS		**44,017,467**	30,861,734
CAPITAL AND RESERVES			
Share capital	14	**414**	320
Share premium	15	**40,372,542**	31,011,542
Retained earnings/(deficit)	16	**3,250,275**	(150,128)
Translation reserve	17	**394,236**	-
EQUITY SHAREHOLDERS' FUNDS		**44,017,467**	30,861,734
Number of fully paid A Class shares	14	**10,793.896**	31,040.000
Number of fully paid B Class shares	14	**29,612.162**	-
Net Asset Value per Class A Share		**GBP 1,089.38**	GBP 994.26
Net Asset Value per Class B Share		**USD 1,467.83**	N/A

The financial statements were approved and authorised for issue by the Board on 3 February 2022 and signed on its behalf by:

David Stephenson
Director

The notes on pages 15 to 29 are an integral part of these financial statements.

ADVANCED INVESTMENT HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2021

	Management Shareholders	A and B Class Shareholders				Total
	Share Capital	Share Capital	Share Premium	Retained Earnings/ (Deficit)	Translation reserve	Total
Year ended 30 September 2020	£	£	£	£	£	£
At 30 September 2019	10	310	31,011,542	2,482,263	-	33,494,125
Net loss for the period, being total comprehensive income	-	-	-	(2,632,391)	-	(2,632,391)
At 30 September 2020	10	310	31,011,542	(150,128)	-	30,861,734
Year ended 30 September 2021						
Net profit for the year	**-**	**-**	**-**	**3,419,557**	**-**	**3,419,557**
Other comprehensive income						
Foreign exchange translation gains (see note 17)	**-**	**-**	**-**	**-**	**394,236**	**394,236**
Transactions with owners						
Redemptions of shares (notes 14, 15, 16)	**-**	**(211)**	**(21,110,166)**	**(19,154)**	**-**	**(21,129,531)**
Issue of shares (notes 14,15)	**-**	**305**	**30,495,284**	**-**	**-**	**30,495,589**
Share issue costs (note 15)	**-**	**-**	**(24,118)**	**-**	**-**	**(24,118)**
At 30 September 2021	**10**	**404**	**40,372,542**	**3,250,275**	**394,236**	**44,017,467**

The notes on pages 15 to 29 are an integral part of these financial statements.

ADVANCED INVESTMENT HOLDINGS LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2021

	Notes	**2021 £**	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		**3,419,557**	(2,632,391)
Adjustments for:			
Interest income	6	**(1,485,673)**	(1,580,653)
Interest expense		**3,183**	438
(Gain)/loss on investments at fair value through profit and loss	7	**(2,492,464)**	3,671,515
Loss on derivatives at fair value through profit and loss	9	**53,180**	86,858
(Increase)/decrease in trade and other receivables (excluding interest receivable)	12	**(46,362)**	217,669
Increase in trade and other payables (excluding interest payable)	13	**600**	-
Net cash outflow from operating activities		**(547,979)**	(236,564)
Cash flows from investing activities			
Proceeds of disposal of investments	7,8	**31,041,245**	-
Cost of purchases of investments	7,8	**(37,821,587)**	-
Interest income		**4,327**	360
Transfer to long-term deposits		**(1,711,460)**	-
Net cash (outflow)/inflow from investing activities		**(8,487,475)**	360
Cash flows from financing activities			
Proceeds from issue of shares	14,15	**30,423,784**	-
Payments for redemption of shares	14,15	**(21,129,531)**	-
Capitalised launch costs	15	**(24,118)**	-
Net cash inflow from financing activities		**9,270,135**	-
Increase/(decrease) in cash and cash equivalents for the year		**234,681**	(236,204)
Cash and cash equivalents at the beginning of the year		**14,446**	250,650
Foreign exchange translation gains		**234,459**	-
Cash and cash equivalents at the end of the year		**483,586**	14,446

The notes on pages 15 to 29 are an integral part of these financial statements.

1. GENERAL INFORMATION

Advanced Investment Holdings Limited ("the Company") is a company incorporated and domiciled in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 3. The principal activity of the Company and its operations are detailed on page 4.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation
The financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

Going concern
At an Extraordinary General Meeting of the Company held on 17 September 2020, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's current termination date of 9 December 2020, and authorised the Directors to seek to raise additional capital through a secondary fund raising. The fund raising closed on 23 December 2020 and was successful. Accordingly, under the terms of the Company's new prospectus, which replaced the existing prospectus with effect from 17 September 2020, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate in December 2025.

The Board notes that the Covid-19 pandemic has had a significant disruptive impact on economies and financial markets worldwide, and has undertaken an assessment of the continuing effects that the pandemic may have on the Company's ability to operate as a going concern.

The Board considers that the Covid-19 pandemic will not have a significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• Since the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Adoption of new and revised Standards
There were no new standards adopted by the Company during the year that had a material effect on the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

New, revised and amended standards applicable for future reporting periods not yet adopted
Certain new accounting standards and interpretations have been issued by the IASB but are not effective for the year ended 30 September 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company's financial statements in future reporting periods.

Financial assets - classification
Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristic of those financial assets.

The Company has determined that it has two distinct business models, as follows:

(i) To invest in a credit linked zero coupon deposit investment issued by Investec Bank Limited. Under IFRS 9, financial assets that are debt instruments may be classified as either (a) amortised cost, (b) fair value through other comprehensive income or (c) fair value through profit and loss. The purpose of the Company's investment in the credit linked deposit is to collect the contractual cashflows of solely payments of principal and interest arising on maturity, which will provide capital protection for investors in the Company, and accordingly, the Company has determined that the investment should be classified as an investment at amortised cost.

(ii) To invest in an option linked to a basket of indices, in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the option is automatically classified as an investment at fair value through profit or loss.

Financial assets - recognition and subsequent measurement
Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

All investments are measured initially at fair value net of transaction costs, except where the investment will subsequently be measured at fair value through profit or loss. Transaction costs relating to the acquisition of investments at fair value through profit or loss are expensed as incurred in the Statement of Comprehensive Income.

After initial recognition, the Company's Option investment is measured at fair value through profit or loss. Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the reporting date. Changes in the fair value of financial assets at fair value through profit or loss ("FVTPL") are recognised in other gains/(losses) in profit or loss in the statement of comprehensive income as applicable.

After initial recognition, the Company's Credit Linked Deposit is measured at amortised cost using the effective interest rate method. Interest income from this financial asset is included in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses, including expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, are presented as a separate line item in profit or loss in the statement of comprehensive income.

All gains or losses are recognised in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Liquid resources
Liquid resources comprise cash and cash equivalents and fixed deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as fixed deposits.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Trade and other receivables
Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial liabilities
Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

Interest income
Interest income on financial assets at amortised cost is calculated using the effective interest rate method and recognised in profit or loss.

Foreign exchange
Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). Until the Company's new investment period commenced on 23 December 2020, the Directors determined that the functional currency of the Company was Pound Sterling, as it was the currency in which the Company's capital was raised, its investments denominated, and the majority of its expenses incurred. Subsequent to 23 December 2020, the Directors have determined that the functional currency is US Dollars, as it is the currency in which the majority of the Company's capital was raised, its investments denominated, and the majority of its expenses incurred. For consistency with previous annual financial statements, the Directors have selected Pound Sterling as the presentational currency of the Company.

Foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling on the reporting date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling at the date of the transaction, and then translated into Sterling at the average exchange rate for the reporting period. Foreign exchange gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise and are taken to the translation reserve.

Expenses
Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which have been charged against share premium.

Taxation
The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,200 (2020: £1,200).

3. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Estimated fair value of financial assets measured at FVTPL – see notes 7 and 9; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 19(ii).

5. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial Agreement
Under the Administration, Custodian and Secretarial Agreement, the Company has agreed to pay or procure to be paid to the administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.13% (2020: 0.15%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption) for the 12 month period ended 23 December 2021, and 0.11% per annum thereafter. In addition the administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 10, 12, 13 and 18 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Investment Advisory Agreement
Under the Investment Advisory Agreement, the Company has agreed to pay or procure to be paid to the advisor, for its services as advisor, a fee of 0.60% (2020: 0.60%) per annum of the Company's funds (as reduced by any redemptions of Ordinary Shares prior to the Redemption Date, which attract a redemption fee of 0.5% of the value of the redemption). In addition the advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 10, 12, 13 and 18 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

Distribution Agreement
Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.60% (2020: 0.65%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such Ordinary Shares prior to the Redemption Date). Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also one of a number of Distributors for the Company. See notes 10 and 12 for details of distribution fees paid in the year and balances outstanding at the year end.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date (the date of compulsory redemption of the Ordinary shares).

6. INTEREST INCOME

	2021	2020
	£	£
Interest on investments at amortised cost	**1,480,432**	1,580,293
Bank interest	**5,241**	360
	1,485,673	1,580,653

The effective interest rate used for calculating the interest on the investment at amortised cost is 4.8149% (2020: 5.4225%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2021	2020
	£	£
BNP Paribas Index Option		
Fair value brought forward	**-**	3,671,515
Fair value adjustment	**-**	(3,671,515)
Disposal	**-**	-
Fair value carried forward	**-**	-

The BNP Paribas Index Option (the "BNP Option") was a Call Option referenced to the Euro Stoxx 50 index. The BNP Option expired during the year with nil value.

	£	£
UBS AG Index Option		
Acquisition	**5,654,562**	-
Fair value adjustment	**2,492,464**	-
Translation difference	**75,677**	-
Fair value carried forward	**8,222,703**	-

The UBS AG Index Option (the "UBS Option") is a Call Option referenced to the S&P 500 index (40%), the Euro Stoxx 50 index (30%), the Nikkei 225 Index (15%) and the MSCI Emerging Markets Index (15%).

The Directors determine the fair value of the UBS Option based on valuations provided by UBS AG. These valuations are calculated using a formula specified in the Option contract, which is based on the movements in the closing price of the above index from the issue date of the Option to the reporting date.

The UBS Option has been classified as a level 2 investment in the fair value hierarchy, as the valuation is derived from observable inputs other than quoted prices in an active market (see note 19(iv)). The key inputs to the valuation were the notional value of the Option (US$54,929,451) and the published price of the Option (20.17%) as at 30 September 2021. The key inputs to the published price of the Option were the closing prices as at 30 September 2021 of the S&P 500 Index (4,307.54 (at inception: 3,709.41)), Euro Stoxx 50 Index (4,048.08 (at inception: 3,545.74)), Nikkei 225 Index (29,452.66 (at inception: 26,763.39)) and MSCI Emerging Markets Index (50.38 (at inception: 50.99)).

8. INVESTMENTS AT AMORTISED COST

	2021	2020
	£	£
Investec Bank Limited Structured Deposit		
Carrying value brought forward	**30,723,296**	29,143,003
Interest	**317,949**	1,580,293
Disposal	**(31,041,245)**	-
Carrying value carried forward	**-**	30,723,296

The Investec Bank Limited Structured Deposit (the "Structured Deposit"), which matured during the year, was a hybrid instrument comprising a holding of Investec plc bonds, an accreting bank deposit (which received the coupon payments on the bonds), and an interest rate swap (which fixed the intrest rate on the accreting deposit). The Structured Deposit was measured at amortised cost, using an effective interest rate of 5.4225%, except for the embedded interest rate swap (see note 9). The Structured Deposit was redeemed at its maturity date and the proceeds received were in accordance with the Structured Deposit Agreement.

	2021	2020
	£	£
Investec Bank Limited Credit Linked Zero Coupon Deposit		
Acquisition	**32,167,025**	-
Interest	**1,162,483**	-
Translation difference	**76,936**	-
Carrying value carried forward	**33,406,444**	-

During the year, the Company acquired a Credit Linked Zero Coupon Deposit (the "Credit Linked Deposit") issued by Investec Bank Limited, a deposit providing a fixed return over five years, subject to the credit performance of certain debt obligations issued by the Republic of South Africa. The Credit Linked Deposit has an effective interest rate of 4.8149% and matures on 18 December 2025.

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 19(ii)). The Company has assessed the investment in the Credit Linked Deposit for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2020: no impairment or credit losses were expected over the life of the Structured Deposit).

As at 30 September 2021, the fair value of the Credit Linked Deposit was £32,524,003.

9. DERIVATIVES AT FAIR VALUE THROUGH PROFIT AND LOSS

	2021	2020
	£	£
Fair value brought forward	**53,180**	140,038
Fair value adjustment for the year	**(53,180)**	(86,858)
Disposal	**-**	-
Fair value carried forward	**-**	53,180

Derivatives at fair value through profit and loss comprised an interest rate swap utilised to fix the interest rate on the accreting deposit component of the Structured Deposit (see note 8), which matured during the year. The interest rate swap was measured at its mark-to-market value, based on valuations provided by the swap issuer, less a provision for unwind costs, estimated by the Investment Advisor, and was classified as Level 2 in the fair value hierarchy.

10. OPERATING EXPENSES

	2021	2020
	£	£
Distributors' fees	**215,164**	200,216
Investment advisory fees	**216,140**	184,814
Administration fees	**48,614**	48,383
Audit fee	**8,300**	7,700
Auditor's non-audit fees	**1,000**	-
GFSC licence fees	**3,402**	3,435
Listing fees	**2,970**	2,132
Sponsorship fees	**3,189**	2,820
Statutory fees	**1,660**	1,700
Professional indemnity insurance	**1,229**	1,071
Interest payable	**3,183**	438
Sundry expenses	**4,034**	1,962
	508,885	454,671

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	2021	2020
Earnings/(loss) attributable to the Company's shares:	£	£
Profit/(loss) for purpose of calculation of basic and diluted earnings/(loss) per share being profit/(loss) for the year attributable to shareholders	**3,419,557**	(2,632,391)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	**38,250.58**	31,040.00
Earnings/(loss) per share attributable to A Class shareholders	**GBP 89.40**	GBP (84.81)
Earnings/(loss) per share attributable to B Class shareholders	**GBP 89.40**	N/A

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per share through the period. The weighted average has been calculated with reference to the number of days shares have actually been in issue in the period since the Company commenced activities, and hence their ability to influence income generated.

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Amount due from investor	**71,805**	-
Bank interest receivable	**914**	-
Prepaid administration fees	**12,196**	8,688
Prepaid distributors' fees	**55,096**	37,648
Prepaid investment advisory fees	**56,240**	34,752
Unpaid share capital	**10**	10
Other debtors and prepayments	**8,632**	4,714
	204,893	85,812

The balance of trade and other receivables principally comprises prepayments, therefore a provision for expected credit losses is not required.

13. TRADE AND OTHER PAYABLES

	2021	2020
	£	£
Current		
Audit fee	**8,300**	7,700
Interest payable	**-**	7,300
	8,300	15,000
Non-current		
Interest payable	**3,608**	-

14. SHARE CAPITAL

Following the adoption of the Company's amended Articles of Incorporation, approved by special resolution on 17 September 2020, the Company no longer has a specified amount of authorised capital.

	2021	2020
Issued:	£	£
10 unpaid Management shares of £1.00 each	**10**	10
10,793.896 (2020: 31,040.000) fully paid A Class shares of £0.01 each	**108**	310
29,612.162 (2020: Nil) fully paid B Class shares of US$0.01 each	**296**	-
	414	320

With effect from 17 September 2020, the Company's Ordinary shares were redesignated as A Class shares, and a new share class of US Dollar-denominated B Class shares was created.

In accordance with a resolution approved by Shareholders on 17 September 2020 to authorise the Directors to extend the life of the Company for a further period, the Company sought to raise additional capital through a secondary fund raising, an exercise which was successfully achieved during the year. Accordingly, on 23 December 2020, 21,129.531 A Class shares were redeemed at a price of £1,000.00 per share; 883.427 A Class shares were issued at a price of £1,000.00 per share; and 29,612.162 B Class shares were issued at a price of US$1,357.90.

14. SHARE CAPITAL (continued)

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company. Under the terms of the Company's new prospectus, which replaced the current prospectus with effect from 17 September 2020, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate on 23 December 2025. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 18) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

15. SHARE PREMIUM

Movements in share premium are attributable to shareholders as follows:

2021	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**31,011,542**	**-**	**31,011,542**
Shares issued during the year	**883,418**	**29,611,866**	**30,495,284**
Shares redeemed during the year	**(21,110,166)**	**-**	**(21,110,166)**
Capitalised launch costs	**(6,443)**	**(17,675)**	**(24,118)**
	10,778,351	**29,594,191**	**40,372,542**

2020	**Ordinary**	**A Class**	**Total**
	£	**£**	**£**
Balance brought forward	**31,011,542**	**-**	**31,011,542**
Ordinary shares converted to A Class shares	**(31,011,542)**	**31,011,542**	**-**
	-	**31,011,542**	**31,011,542**

16. RETAINED EARNINGS

Movements in retained earnings are attributable to shareholders as follows:

2021	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**(150,128)**	**-**	**(150,128)**
Shares redeemed during the year	**(19,154)**	**-**	**(19,154)**
Net profit for the year	**1,044,130**	**2,375,427**	**3,419,557**
Balance carried forward	**874,848**	**2,375,427**	**3,250,275**

2020	Ordinary	A Class	Total
	£	£	£
Balance brought forward	2,482,263	-	2,482,263
Net loss for the year	(2,632,391)	-	(2,632,391)
Ordinary shares converted to A Class shares	150,128	(150,128)	-
Balance carried forward	-	(150,128)	(150,128)

17. TRANSLATION RESERVE

Movements in the translation reserve are attributable to shareholders as follows:

2021	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Foreign exchange translation losses	**105,314**	**288,922**	**394,236**
Balance carried forward	**105,314**	**288,922**	**394,236**

During the year ended 30 September 2020, the Company's functional currency was the same as its presentation currency, as a result of which there was no balance or movement in the translation reserve.

18. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is PraxisIFM Trust Limited as trustee of The Basket Trust, which owns the Management shares in the Company. There is no ultimate controlling party of the Company.

The ultimate controlling party of PraxisIFM Trust Limited is PraxisIFM Group Limited ('PGL'). Until 3 December 2021, PGL was also the ultimate controlling party of Sanne Fund Services (Guernsey) Limited ('SFSGL') (formerly Praxis Fund Services Limited), the administrator of the Company. SFSGL is deemed to be a related party, as Janine Lewis (a Director of the Company) is a director of SFSGL; David Stephenson (a Director of the Company) is an employee of SFSGL; Keri Lancaster-King (a Director of the Company) is a director of SFSGL; and Chris Hickling (a Director of the Company until his resignation on 20 August 2021) is a director of Sanne Holdings (Guernsey) Limited, the immediate parent of SFSGL. During the year SFSGL received £48,614 (2020: £48,383) for their services as administrator. At the year end date administration fees of £12,196 had been paid to SFSGL in advance (2020: £8,688). At the year end date interest of £559 (2020: £1,445) on outstanding fees was payable to PFSL.

The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. The balances and transactions during the year with Investec Bank Limited related to investments at amortised cost and are disclosed in note 8. During the year ICIB earned £216,140 (2020: £184,814) for their services as investment advisor. At the year end date advisory fees of £56,240 (2020: £34,752) had been paid to ICIB in advance and interest on outstanding fees of £3,050 (2020: £5,855) was payable to ICIB.

19. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond (or other structured product with similar characteristics) and an option or options on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below. There have been no changes to the Company's exposure to market risk, credit risk and liquidity risk; or its objectives, policies and procedures for managing such risks, since the prior year.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk

(a) Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency of US Dollars (2020: functional currency of Pound Sterling). As at 30 September 2021, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

	Source currency	2021	2020
		£	£
Cash and cash equivalents	Sterling	**123,269**	-
Trade and other payables	Sterling	**(8,300)**	-
BNP Paribas Index Option	US Dollar	**-**	-
		114,969	-

At 30 September 2021, the foreign currency exposure of the Company represented 0.3% (2020: 0%) of Equity Shareholder's Funds. The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the Pound Sterling/US Dollar exchange rate at the year end date had been 10% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of £11,497 (2020: £Nil). The sensitivity rate of 10% is regarded as reasonable as this approximates to the level of volatility of Pound Sterling against the US Dollar during the year.

The Company had no other material currency exposures as at 30 September 2021 or 30 September 2020.

(b) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and long-term deposits and on interest payable on outstanding future fees. At 30 September 2021, the Company held cash and cash equivalents of £483,875 (2020: £14,446), which earn interest at a weighted average floating rate of 0% as at 30 September 2021 (2020: 0.003%), and a long-term deposit of £1,711,460 (2020: £Nil), which earned interest at a rate of 0.65%. At 30 September 2021, the Company had outstanding future fees payable of £1,158,010 (2020:£Nil), on which interest at a rate of 0.65% (2020: 0.40%) is payable.

Had these balances existed for the whole of the period, and all other factors remained the same, the effect on the Statement of Comprehensive Income of an increase/decrease in applicable interest rates of 0.25% per annum, would have been an increase of £2,593/decrease of £1,384 in the result for the year (2020: increase of £36/decrease of £Nil). The sensitivity rate of 0.25% is regarded as reasonable in relation to the current Pound Sterling base rate of 0.25%, as interest rates on Pound Sterling bank accounts are not currently volatile and increases or decreases applied by the Bank of England to the base rate are usually applied in increments of 0.25%.

The Company had no other material interest rate exposures as at either 30 September 2021 or 30 September 2020. The Company's Credit Linked Deposit is interest-bearing, however interest is calculated at a fixed rate (see notes 8 and 9) and is therefore not subject to interest rate risk.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investments at fair value through profit and loss are directly affected by changes in market prices. The Company's investment in the Credit Linked Deposit is measured at amortised cost, and is therefore not subject to price risk.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that should provide capital protection for investors; and a call option on an index or basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Company. In order to provide capital protection, the amount of the Credit Linked Deposit acquired is calculated with the intention that the maturing amount will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Company involves participation in the potential upside afforded by the Option, whilst enjoying the capital protection afforded by the Credit Linked Deposit. Therefore, whilst the Board monitors the performance of the Option and Credit Linked Deposit, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Company in the selection of investments, and is not an active ongoing process during the remainder of the life of the Company.

The investments at fair value through profit and loss expose the Company to price risk. The details are as follows:

	2021	2020
	£	£
UBS AG Index Option	**8,222,703**	-
Interest rate swap (embedded in the Structured Deposit)	**-**	53,180
BNP Paribas Index Option	**-**	-
	8,222,703	53,180

As at 30 September 2021, a 50 per cent increase/decrease in the published price of the Option would result in an increase/decrease in the Net Asset Value of the Company of £4,111,352 (2020: the value of the Option would remain £Nil unless the Euro Stoxx 50 Index had increased from its current level of 3,193.61 to 3,502.77, an increase of 9.7%). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of European stock markets, to which the Option is linked, which is magnified slightly by the participation rate of 103.73% attached to the Option.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, fixed deposits, debtors, investments at amortised cost and investments at fair value through profit and loss. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

The Company states in its Prospectus that it will invest in a Credit Linked Deposit instrument (the 'CLD') provided by Investec Bank Limited ('IBL') and an option linked to a specified index, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. At initial recognition of the CLD and the option, the Directors considered the credit risk attached to these instruments to be low, and this remains their view. The Directors would only seek to sell the relevant securities or transfer cash if they (in consultation with the investment advisor) consider that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board (in consultation with the investment advisor) has noted that the Fitch long-term credit rating of IBL as at 30 September 2021 was BB- (30 September 2020: BB+). As a result, the Directors and the investment advisor believe that it is not in the best interest of shareholders to attempt to unwind the CLD prior to its maturity date on 23 December 2025, as they believe firstly that there has been no significant deterioration in the creditworthiness of IBL, and secondly that obtaining an alternative investment with an institution with a higher credit rating, particularly so close to maturity, could only be achieved on less favourable terms than those offered by the CLD, which could affect the Company's ability to offer capital protection to shareholders on their investment.

The Company monitors the creditworthiness of its counterparties on an ongoing basis and considers a financial asset to be in default when the counterparty fails to make contractual payments within 60 days of when they fall due. No instances of default or significant changes to the Company's credit risk or expected loss rates have been identified in the last 12 months.

The majority of the Company's trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The Option is held with UBS AG, which has a Fitch long-term rating of AA- (2020: BNP Paribas, rating A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2020: BBB+).

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2021 the total balance of cash on call and on a short-term notice account was £483,875 (2020: £14,446). This is considered by the Board to be sufficient to meet all of the Company's short-term obligations.

19. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk (continued)

The following table analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	**6-12 months**	**1 - 5 years**
2021	**£**	**£**	**£**
Trade and other payables	**8,300**	**-**	**3,608**
Net exposure	**8,300**	**-**	**3,608**

	Less than 6 months	6-12 months	1 - 5 years
2020	£	£	£
Trade and other payables	15,000	-	-
Net exposure	15,000	-	-

(iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. The different levels have been defined as follows:

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

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value through profit or loss	**-**	**8,222,703**	**-**	**8,222,703**

2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit or loss	-	53,180	-	53,180

There have been no transfers between levels of the fair value hierarchy during the year.

20. MANAGEMENT OF CAPITAL

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Board has also considered the impact of the Covid-19 pandemic subsequent to the year end, and does not believe that this will have a significant impact on the Company's capital or its ability to continue as a going concern. The Company has no external borrowings.

Shareholders may be able to redeem their Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors, and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by the Companies (Guernsey) Law, 2008. There have been no changes to the Company's objectives or policies and procedures for managing capital since the previous year end.

21. POST BALANCE SHEET EVENTS

The impact of the Covid-19 pandemic subsequent to the year end on the Company's ability to continue as a going concern and on its investments has been assessed in notes 2 and 20.

There were no significant post year end events requiring disclosure in these financial statements.