

SALAR FUND PLC
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020

FINANCIAL STATEMENTS
31 December 2020

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SALAR FUND PLC

FUND INFORMATION

DIRECTORS	Elizabeth Beazley (Irish Resident) * Teddy Otto (Irish Resident) Chairperson* Nicholas Curtis (UK Resident) Tom Seymour Mead (UK Resident) All Directors are non-executive. *Independent Director
REGISTERED OFFICE	1 WML, Windmill Lane, Dublin 2, D02 F206, Ireland.
INVESTMENT MANAGER AND DISTRIBUTOR	CQS (UK) LLP (appointed 6 April 2021) 4 th Floor, One Strand, London, WC2N 5HR, England. Ferox Capital LLP, (resigned 6 April 2021) 16 Berkeley Street, London, W1J 8DZ, England.
ADMINISTRATOR	BNP Paribas Fund Administration Services (Ireland) Limited, Trinity Point, 10-11 Leinster Street South, Dublin D02 EF85, Ireland.
DEPOSITARY	BNP Paribas Securities Services, Dublin Branch, Trinity Point, 10-11 Leinster Street South, Dublin D02 EF85, Ireland.
LEGAL ADVISORS AS TO IRISH LAW	Pinsent Masons, 1 WML, Windmill Lane, Dublin 2, D02 F206, Ireland.

SALAR FUND PLC

FUND INFORMATION (Continued)

LEGAL ADVISORS AS TO UK LAW

Dechert LLP,
160 Queen Victoria Street,
London, EC4V 4QQ,
England.

LEGAL ADVISORS AS TO US LAW

Dechert LLP,
One International Place,
40th Floor,
100 Oliver Street,
Boston,
Massachusetts 02110-2605,
U.S.A.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2,
Ireland.

COMPANY SECRETARY

Pinsent Masons Corporate Services Ireland Limited,
1 WML,
Windmill Lane,
Dublin 2, D02 F206,
Ireland.

DIRECTORS' REPORT
For the financial year ended 31 December 2020

The Directors present their report together with the audited financial statements for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

Salar Fund PLC (the "Fund") was incorporated in Ireland on 27 November 2007 as an investment company with variable capital with limited liability. The Fund is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities ("UCITS") pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (UCITS) Regulations, 2019 (as amended) (the "Central Bank Regulations"). The principal activities of the Fund are to carry on the business of an investment fund with the investment objective to generate capital growth, whilst seeking to preserve capital, through a variety of risk/reward strategies generally in the convertible bond markets.

REVIEW OF THE DEVELOPMENT OF THE BUSINESS AND FUTURE DEVELOPMENTS

See page 10 for the Investment Manager's report.

RESULTS FOR THE FINANCIAL YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2020

The Statement of Financial Position for the financial year ended 31 December 2020 and the Statement of Comprehensive Income at that date are set out on pages 18 and 19 respectively.

RISK MANAGEMENT OBJECTIVES, POLICIES AND POTENTIAL IMPLICATION OF BREXIT

Investment in the Fund carries with it a degree of risk, including but not limited to, the risks referred to in Note 10 of these financial statements and the Fund's Prospectus.

On 23 June 2016 a referendum was held in the United Kingdom in which a majority voted that the UK should leave the EU. On 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty of the European Union ("Article 50") to leave the EU. Subsequently the UK left the EU on 31 January 2020, with an implementation period to last until 31 December 2020. This was concluded on 31 December 2020. The effects of Brexit on the Fund and the Investment Manager are not material.

OPERATIONAL RISK

The Fund's operational risk is the risk that its and its service providers' practices, systems and controls are not adequate to prevent a loss being incurred either because of market conditions or operational difficulties. Such operational risks have been enhanced by the COVID-19 pandemic. The Fund, its Administrator, Depositary and Investment Manager have taken numerous steps to remain fully operational during this period of uncertainty including enactment of their business continuity plans.

DIRECTORS' REPORT (Continued)
For the financial year ended 31 December 2020

IMPLICATION OF COVID-19

Since early January 2020, global financial markets have been monitoring and reacting to the Covid-19 pandemic. The eventual impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. With regards to day to day operations, the Investment Manager and many of its service providers have invoked business continuity procedures, including remote working, to ensure the safety of staff and to enable the business to continue to operate with minimal impact. The Fund is financially stable and able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future and therefore remains a going concern.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the Fund's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records of the Company are maintained by BNP Paribas Fund Administration Services (Ireland) Limited at Trinity Point, 10-11 Leinster Street South, Dublin D02 EF85, Ireland.

INDEPENDENT AUDITORS

The Independent Auditors, Ernst & Young, have indicated their willingness to remain in office in accordance with Sections 383 (2) of the Companies Act 2014.

DIVIDENDS

The results for the year are set out in the Statement of Comprehensive Income. During the year no dividends were approved or paid.

DIRECTORS

The Directors at the date of this report along with Directors who held office during the financial year are
Teddy Otto*
Elizabeth Beazley*
Nicholas Curtis
Tom Seymour Mead

*Independent Director

DIRECTORS' REPORT (Continued)
For the financial year ended 31 December 2020

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 16 of these financial statements.

EVENTS SINCE FINANCIAL YEAR END

Events since financial year end to the date of this report are disclosed in Note 21 of these financial statements.

DIRECTORS' INTERESTS

Effective 24 April 2020, Nicholas Curtis subscribed £500,000 into Sterling Management Shares (Accumulation) and was allocated 3,194.48 Shares. Nicholas Curtis held 3,194.48 Shares on 31 December 2020. All other Directors held no interests in the Fund during the financial year or at 31 December 2020.

COMPANY SECRETARY'S INTERESTS

The Company Secretary held no interests in the Fund during the financial year or at 31 December 2020.

TRANSACTIONS INVOLVING DIRECTORS

Full details of transactions involving the Directors can be found in Note 14 of these financial statements.

CORPORATE GOVERNANCE

The Directors voluntarily adopted the Corporate Governance Code ("the IF Code") for Irish Domiciled Collective Investment Schemes as published by Irish Funds ("the IF") as the Company's corporate governance code. The Directors have fully adhered to and fulfilled the requirements under the code.

TRANSACTIONS INVOLVING CONNECTED PERSONS

Chapter 10 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 (the "Central Bank Regulations") headed 'Transactions involving Connected Persons' states in regulation 43 that a responsible person shall ensure that any transaction between a UCITS and the management company or depositary to a UCITS; and the delegates or sub-delegates of such a management company or depositary (excluding any non-group company sub-custodians appointed by a depositary); and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected persons") is conducted at arm's length and is in the best interests of the unitholders of the UCITS.

The Board of Directors of the Fund is satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in regulation 43 of the Central Bank Regulations are applied to all transactions with connected persons; and the Board of Directors is satisfied that transactions with connected persons entered into during the financial period complied with the obligations set out in this paragraph.

DIRECTORS' REPORT (Continued)
For the financial year ended 31 December 2020

TRANSACTIONS INVOLVING CONNECTED PERSONS (Continued)

The Fund uses affiliates of the Investment Manager and the same investment advisors as the Ferox Investments ICAV and Suzuka Inka: Segment Watzmann. Prior to the termination of Ferox Master Fund Limited and Ferox Fund Limited the Fund used affiliates of the Investment Manager and the same investment advisors. During the financial year ended 31 December 2020 and 31 December 2019, the Fund did not have any investment transactions with any of the connected person funds listed above.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Fund and of the performance of the Fund for that financial year. In preparing those financial statements, the Directors are required to:

- ensure that financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards, as published by the International Accounting Standards Board;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the Companies Acts 2014. In this regard, the Directors appointed BNP Paribas Fund Administration Services (Ireland) Limited for maintaining proper books of accounts. Accordingly, the books of accounts are kept at Trinity Point, 10-11 Leinster Street South, Dublin D02 EF85, Ireland. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have entrusted the assets of the Fund to the Depositary for safekeeping and in this regard the Directors have appointed BNP Paribas Securities Services, Dublin Branch, as Depositary. The address at which this business is conducted is Trinity Point, 10-11 Leinster Street South, Dublin D02 EF85, Ireland.

DIRECTORS' REPORT (Continued)
For the financial year ended 31 December 2020

DIRECTORS' COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014. The directors confirm that:

- A compliance policy document has been drawn up that sets out policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations
- Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the company's relevant obligations, and
- During the financial year, the arrangements or structures referred to above have been reviewed.

STATEMENT OF RELEVANT AUDIT INFORMATION

The Directors acknowledge that they are responsible for providing all relevant audit information to the Company's statutory auditors in connection with preparing their report in accordance with section 330 of the Companies Act 2014. The Directors confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are not aware, and
- The Directors have taken all the steps that ought to have been taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

AUDIT COMMITTEE STATEMENT

The Directors have considered the requirements to establish an audit committee pursuant to section 167(2) of the Companies Act 2014. The Directors have decided not to establish an audit committee for the following reasons:

- The nature, scale and complexity of the Company's business range of services and activities undertaken in the course of that business,
- The resources available to the Company and the resources and expertise of the various third parties engaged to support the Company and carry out certain functions on its behalf,
- The procedures in place for the review, approval and circulation of the audited financial accounts and statements which are appropriate for an investment company pursuant to the UCITS Regulations.

On behalf of the Directors on 19 April 2021.

Director: Elizabeth Beazley
Elizabeth Beazley

Director: Teddy Otto
Teddy Otto

Annual Depository Report to Shareholders

We, BNP Paribas Securities Services, Dublin Branch, appointed Depository to Salar Fund PLC (“the Fund”) provide this report solely in favour of the shareholders of the Fund for the year ended 31 December 2020. This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, (“the Regulations”). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depository obligation as provided for under the Regulations, we have enquired into the conduct of the Fund for the Accounting Period and we hereby report thereon to the shareholders of the Fund as follows;

We are of the opinion that the Fund has been managed during the Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional documents and by the UCITS Regulations; and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 as amended (“the Central Bank UCITS Regulations”);
- (ii) otherwise in accordance with the provisions of the constitutional documents, the Regulations and the Central Bank UCITS Regulations.



For and on behalf of

BNP Paribas Securities Services, Dublin Branch
Trinity Point
10-11 Leinster Street South
Dublin D02 EF85
Ireland

Date: 19 April 2021

INVESTMENT MANAGER'S REPORT

Summary:

2020 was Salar Fund's strongest year since 2013, as the Fund closed the year with a gain of +9.74%. It should also be noted that this followed a +9.0% return in 2019. The MSCI gained +14.1% in 2020, only marginally ahead of Salar. The MSCI World Ex. US, which aligns more closely with Salar's portfolio, produced a slightly anaemic +5.17% for 2020, behind the Fund. Neither the Bloomberg Barclays High Yield Index nor their Global Aggregate could match the Fund's performance either, rising +7.0% and +9.2% respectively during the year.

It is a remarkable result when convertibles outperform all their major constituent parts (equities and bonds) over a calendar year. Clearly the action of markets in the face of the Covid pandemic helped us. The crisis and recovery created three environments that each helped our returns. Firstly, it created intense volatility - most notably the sharp falls in March - that allowed the asymmetry in our portfolio (reducing equity exposure in falling markets and gaining exposure in rising markets) to show its value. Secondly, it created a need for financing - a need that the convertible market fulfilled with speed and depth. It was a record year for issuance and the companies issuing (largely Covid refinancing or Tech expansion) did well after launch (67 of the 2020 issues rose above 150). Finally, it produced an unprecedented QE wave that has propelled markets quickly to new highs from the March lows. With cash sloshing around (and bonds yielding essentially zero), that liquidity poured into equities.

Q1:

January 2020 was a challenging month. Equity markets were almost all in negative territory: MSCI was -0.7%. However, that global statistic disguises where the movements were: Asia was seriously down as Corona virus fears took hold (Hang Seng -6.7%, Topix -2.1%), while Europe stuttered in the post-Brexit uncertainty and epidemic contagion (DJ EuroStoxx -2.8%, FTSE100 -3.4%). With these regions being 90% of our underlying equity exposure, Salar's -0.96% return on the month was understandable (albeit nevertheless disappointing). Remarkably, the US largely shrugged off the implications of a global pandemic and a potential escalation of Middle East tensions (S&P500 -0.2%). Indeed, US markets continued to pour capital into their Tech sector which actually was strongly in positive territory (NASDAQ +2.0%). This positive contribution was what buoyed the MSCI.

February was a month that will live long in the consciousness. It must rank as one of the most remarkable swings from euphoria to fear in a decade. The month started in a strongly bullish mood - by mid-month, equity markets were substantially in positive territory: NASDAQ +7.0%, S&P 500 +5.0%, DJ EuroStoxx +6.2% and Hang Seng +6.3%. We then saw a violent global sell-off: including the worst week on the S&P 500 since the 2008 GFC. Markets ended deep in the red: MSCI World Index -8.6%, S&P 500 -8.4%, DJ EuroStoxx -8.6%. Japan was worst affected (Topix -10.3%) and US Tech was least impacted (NASDAQ -6.4%). In the final week of the month, all global markets had their worst week since the financial crisis as the S&P 500 finished -11.5%, MSCI World Index down -10.9% and the VIX hit 50 before closing at 40 for the week. Against this background, Salar's return of -2.6%⁵ is perhaps unsurprising.

The shift, as we all know, was prompted by the rapid escalation of Covid-19 risk. Given the overextended valuation levels of some markets, the severity of the shift is perhaps understandable. However, it should be pointed out that arguably the most over-valued (US Tech) suffered the least and one of the less crowded markets (Japan) suffered the most both on the month and year-to-date (NASDAQ -4.5%⁶ YTD vs. Topix -12.2%⁶ YTD). Logic rarely plays a part in these sentiment shifts. Unfortunately, we were more heavily weighted to Japan than to US or US tech.

The fall in markets in March 2020 was momentous. In the 15 year history of Salar Fund (and 20 years of Ferox Capital), we have not experienced such a savage fall. Indeed, one needs to go back to 1987 or 1929 to find a similar velocity. At its lows, the MSCI was down -25.2% intra-month; the S&P 500 hit a similar low of -24.3%; and Europe (DJ EuroStoxx) fell a remarkable -28.4% at its nadir. Fear exploded with the VIX hitting 85.4% - it's second highest level ever (only the brief 2008 high of 89.6% eclipsed the March level). All markets rallied strongly off those lows but nevertheless ended down significantly. Salar inevitably dropped, falling -6.97% in March. The Thomson Reuters Global Focus Index fell -8.93%.

INVESTMENT MANAGER'S REPORT

Q1 continued:

However, the most astonishing aspect of this was the radical change in pricing of convertibles in this move. We estimated that our equity exposure only accounted for approximately 1%-1.5% of the month's NAV drop. The balance of 5.5%-6% was the cheapening of convertibles and the widening of credit spreads.

Both of these offered clear opportunities in either excess yield relative to risk and/or cheap optionality at a time when it would be particularly valuable. Equity options should not, in our view have been this cheap - and certainly weren't in the listed option markets. We therefore wrote to investors on 25th March and held Webinars to highlight the enormous opportunities we were seeing - and so they proved to be.

Q2:

The equity markets returned to extraordinary optimism in April, as Covid-19 cases appeared to peak in Europe. Most developed markets showed strong gains. The MSCI World returned +10.6%. The S&P 500 and NASDAQ were both outliers to the upside, posting remarkable gains of 12.7% and 15.5% respectively. Other markets were more muted but nevertheless showed impressive uplifts, with the Nikkei returning +6.7% and the Eurostoxx +5.1% on the month.

Salar returned +4.45% on the month, one of the best months in its history.

Year-to-date, Salar had therefore narrowed to -6.25%YTD, while the MSCI World has delivered -13.5%YTD. However, there were two very different narratives within that global equity performance: the US and the rest of the World. On the one hand, you have the MSCI excluding the US down -18.7%YTD and the Eurostoxx even worse at -21.8%YTD. On the other, the S&P 500 is now at -9.9%YTD and, astonishingly, the NASDAQ is just -0.93%YTD.

Looking at where our April return originated from, we can see our primary driver was delta (the equity sensitivity of our portfolio), contributing almost two-thirds of our gain. We actively bought in March, particularly adding delta, which added strongly to our April return. Salar took advantage of the sharp price and valuation falls in the US to add risk there at attractive levels. This is something that we have struggled to do over the last few years as the risk metrics on US CBs have not made sense to us. The US is now our largest overall country exposure, albeit at half the level of the Refinitiv Global Focus Index. Furthermore, it should be noted that the higher beta sectors and stocks outperformed in the April risk-on frenzy - something which does not benefit Salar's prudent approach. The balance of the April return was from tightening credit spreads and/or better valuations.

Equity markets racked up another strong month in May, as investors raced to put money to work. The MSCI rose +4.6% but it was the US and NASDAQ in particular that was doing the heavy lifting, pushing firmly into positive territory for the year (+6.8% in May and a remarkable +5.8% YTD). Convertibles in general have benefited from the strength of US Tech, outperforming the MSCI and, astonishingly, almost matching NASDAQ on the month. Salar continued to rise but is lagging the Index, as our exposure to the US and Tech is far lower. The Fund rose a healthy +2.23% in May.

The new issuance levels were becoming astonishing. Globally, the run-rate more than 2.0x the amount we saw come to market at by May 2019. The pricing was also generous. We were seeing repeat issuers pricing their new convertibles off lower equity prices and wider credit spreads than their previous deal. There were also large previously blue-chip companies accessing the CB market. Here, they were largely been companies directly affected by the crisis (e.g. airlines or cruise lines) buying themselves enough breathing space to ensure survival. Their refinancing was, therefore, a self-fulfilling prophesy - their distressed share price recovered sharply on the successful raising of capital (e.g. Carnival where the bonds issued in April at 100 were, by the end of May, c175).

INVESTMENT MANAGER'S REPORT

Q2 continued:

In June, Salar recorded a gain of +1.9% over the month. The first half of the year had seen unprecedented events in the world and financial markets - but convertibles have shone throughout. Of the major asset classes we track, convertibles were the third strongest in the first half, notably beating its own main performance drivers – equity and corporate debt. Only gold and NASDAQ were stronger. Convertibles were also impressive at the lows, losing about a third of the loss in the MSCI World and half that of HY. Issuance reached a remarkable milestone as the convertibles market recorded \$92 billion of new deals² – a record first half – as companies turned to the market for its speed and flexibility to refinance.

Q3:

Salar returned +1.64% in July. Equity markets were sharply divided in terms of direction on the month. Whilst the MSCI World Index forged ahead (+4.69%), the reality at a regional level looked very different. European and Japanese stocks fell (Eurostoxx -1.8%, FTSE -4.4%, Nikkei -2.6%, Topix -4%), whilst the US continued to climb at an astonishing rate. U.S. technology stocks again lead the charge with NASDAQ leaping +6.8% on the month. The broader S&P 500, being pulled along in the NASDAQ's slipstream gained 5.5%. Asia also saw gains (China +11%, Hong Kong +0.7%). MSCI World remains negative for the year (-2.4% YTD) whilst NASDAQ is +19.8% YTD. Our positive return came primarily from the US where we were able to take more risk. In July, our exposure to US convertibles (as measured by equity sensitivity) rose to a multi-year high of 33%. This is not a shift in view - our reticence on US convertibles has never been about the market or its prospects but rather a reflection of the poor credit the majority of US convertibles. As a result of the Q1 correction, we were offered better risk-metrics on credits that we felt offered better near-term downside protection. Much of this was from new issuance. We continued to take profits in some of the recent new issues that had exceeded our expectations, recycling these into names where the equity remains below their February highs or into new issues that we felt had the right profile.

Salar returned into positive territory for 2020 in August adding +3.1%, as the NAV achieved a new all time high. With most major equity markets in negative territory for the year looking at Europe (DJ Eurostoxx -12.6% and FTSE 100 -20.9%), Japan (Topix -6.0%) and Asia (Hang Seng -10.7%), then Salar's +2.1% YTD was testament to our prudent and diversified approach. Salar's performance on the month was mainly driven by the strength in global equity markets, with the MSCI Index rising +6.5%. This was, once again led by the US and by Tech with the S&P 500 +7.0% and NASDAQ +9.6%. For once, Japan was not far behind - the Topix added +8.2% (though the Nikkei was substantially behind that). However, Europe and Asia, despite good strength, lagged behind as usual (DJ EuroStoxx +3.1% and Hang Seng +2.4%). The US strength was possibly justified by the strong economic numbers and good earnings from key bellwether stocks. Furthermore, there was an historic decision by the Fed to move away from a target inflation cap to a cycle-based average that favours employment and economic growth. This was taken by markets as an indication that the Fed's ability to keep equity markets rising had just been turbocharged. Asia was impacted by the heightened trade tensions highlighted by Trump's executive orders sanctioning TikTok and WeChat.

INVESTMENT MANAGER'S REPORT

Q3 continued:

Salar managed to post a positive result (+0.3%) in September despite the MSCI falling -3.6% and convertibles generally falling (Refinitiv Global Focus -0.65%). It should be noted, however, that convertibles as an asset class were particularly resilient in the month. The equity falls were driven largely by concerns focused on rising unemployment and the general economic fallout of Covid-19. The second wave began to flourish globally and new lockdown measures were introduced in many countries to try to curb the rise in infections. The market moves were perhaps most notable in the US where the S&P500 fell -3.9% in the month and NASDAQ fell -5.2% in September. These were not the largest falls in major markets (the Hang Seng fell -6.8% on the month) but it was in such stark contrast to the recent strength (to its September high the S&P had risen +60% from the March low and the NASDAQ had gained +75%). Salar's positive performance in September came from Japan. Whilst the Nikkei was the only major market in positive territory, it barely moved (+0.2%). Nevertheless, our gainers were dominated by Japanese names, with six of the top ten biggest winners coming from the region. This demonstrated the power of our cheap asymmetry in Japan. The value of our approach could be seen in the third quarter. We had exposed to Europe and had a relatively light allocation to NASDAQ, as the issuers largely didn't meet our risk and credit criteria. In that time, NASDAQ rose 11%. The DJ Eurostoxx fell by 0.7%. Salar nevertheless gained +4.84% on the quarter. Finding good risk/return in the convertible market does not require one to chase tech risk.

Q4:

Salar posted another positive month (+0.24%) in October, despite the sharp falls in equity markets. Equity markets had a nervous month driven by the US election and the second wave of Covid. The S&P fell -2.8% on the month and had its worst pre-election week ever. This pessimism was evident in other markets. The DJ Eurostoxx fell -7.4% as a second round of Covid lockdowns crippled the nascent recovery. Only the Hang Seng put in a positive month, gaining +2.8%, as investors speculated that a Biden administration might be less hawkish on trade with China. Against this challenging background, one would not normally expect convertibles to post a profit. However, we were helped by idiosyncratic moves in our portfolio and the positive risk/return asymmetry of our positions. Of our top five names in the month, the average move in the underlying equity was +12% and we made a total of 55bp. The bottom five had falls of a similar magnitude (-12%) but the loss was just 33bp.

The news that vaccine trials had been stunningly successful sent equity markets into overdrive in November. The astonishing rises can be summarised by the move in the MSCI of +12.7%. Almost every major market we follow managed a double digit gain on the month and the sole exception (Hang Seng) only missed the mark by a fraction (+9.3%). As a result, Salar delivered a strong month, gaining +4.6% in November. The relief at a potential return to normality benefited the cyclical and Value stocks over Growth.

Salar finished the year with another positive month in December, adding +2.3% to finish 2020 +9.74%. TDecember saw strength across the board in equities but it was NASDAQ that once again led the way. It rose +5.7% versus DJ EuroStoxx +1.72% on the month. This extends the outperformance of the Tech bellwether to a remarkable +49% over 2020 alone (NASDAQ +44%, with the DJ EuroStoxx still in negative territory at -5.1%). However, there are some signs that the US surge is now filtering down to other markets. The Nikkei had show considerable strength, rising +18.4% in Q4 (vs. +11.7% for the S&P and +15.4% in NASDAQ). This could be evidence of a more broad-based market move, with laggards and cyclical stocks playing some form of catch up.

INVESTMENT MANAGER'S REPORT

Outlook:

We seem to be firmly in a halcyon period for convertibles. The conditions that made 2020 so positive for the asset class show no sign of abating.

Convertibles tend to perform well in volatile recoveries and when new issuance is strong. Central banks are pumping liquidity into their economies at an unprecedented rate and so recovery seems likely. With high equity valuations and plenty of "unknown unknowns", volatility also seems probable. That volatility encourages issuance as companies are able to monetise that vol. In short, we have had those conditions in 2020 and the asset class boomed. Ferox believes we will see those conditions continue into 2021 at a time when zero rates make other fixed income assets difficult to own.

With no end in sight for the central bank liquidity wave and valuations making new highs, we foresee a continuation of volatile but rising equities. This will encourage convertible issuance into 2021. These conditions should favour Salar, in our view.

Ferox Capital LLP
February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALAR FUND PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Salar Fund Plc ('the Company') for the year ended 31 December 2020, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Asset attributable to holders of redeemable participating shares, Statement of Cash flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALAR FUND PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALAR FUND PLC

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.



Dean Phillips
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm


Dublin


26 April 2021

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 US\$	2019 US\$
Assets			
Financial assets at fair value through profit or loss	3(ii)		
- transferable securities		329,828,193	808,278,605
- financial derivative instruments		18,643,156	69,169,308
Cash and cash equivalents	6,2(e)	43,504,221	58,656,656
Due from brokers	7	20,491,286	21,994,335
Subscription proceeds due		205,942	569,254
Interest receivable		–	812,943
Other receivables and prepayments		23,995	25,451
Total assets		<u>412,696,793</u>	<u>959,506,552</u>
Liabilities			
Financial liabilities at fair value through profit or loss	3(ii)		
- financial derivative instruments		6,354,621	8,954,648
Due to broker	7	8,166,912	31,111,123
Redemptions payable		25,501,209	13,503,605
Performance fee payable	5	4,242,100	1,114,866
Investment management fee payable	5	390,771	758,688
Accrued expenses and other payables		228,426	95,204
Administration fee payable	5	34,193	74,969
Depository fee payable	5	13,979	31,670
Audit fee payable	5	73,350	67,462
Interest payable		844,639	21,679
Dividends payable		45,595	52,054
Equalisation payable		1,597	845
Middle office fees payable	5	5,196	11,830
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		<u>45,902,588</u>	<u>55,798,643</u>
Net assets attributable to holders of redeemable participating shares		<u>366,794,205</u>	<u>903,707,909</u>

Approved by the Directors on 19 April 2021.


 Director: Elizabeth Beazley


 Director: Teddy Otto

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
Income			
Interest income		6,798,485	14,980,951
Dividend income		1,632	8,031
Other income		20,421	86,541
Net gain on transferable securities, financial derivative instruments and foreign exchange	3(i)	39,587,210	98,483,033
Net effect of share class hedging	10	<u>3,234,205</u>	<u>(11,434,963)</u>
Total income		<u>49,641,953</u>	<u>102,123,593</u>
Expenses			
Investment management fee	5	5,066,033	9,383,588
Other operating expenses		1,987,479	1,968,552
Performance fees	5	4,235,042	1,110,110
Dividends on securities sold short		535,785	1,380,301
Administration fees	5	535,424	954,444
Transaction expenses		70,362	180,512
Middle office fees	5	78,599	56,864
Depositary fee	5	<u>209,598</u>	<u>386,999</u>
Total expenses		<u>12,718,322</u>	<u>15,421,370</u>
Finance costs			
Interest expense		<u>(6,885,815)</u>	<u>(9,455,344)</u>
Total finance costs		<u>(6,885,815)</u>	<u>(9,455,344)</u>
Profit before taxation		30,037,816	77,246,879
Taxation			
Dividend withholding tax		<u>(15,173)</u>	<u>(179,553)</u>
Net income attributable to holders of redeemable participating shares		<u>30,022,643</u>	<u>77,067,326</u>

There are no recognised gains or losses other than those dealt with in the Statement of Comprehensive Income. All amounts in respect of the financial year ended 31 December 2020 arose solely from continuing operations.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES
For the financial year ended 31 December 2020

	2020	2019
	US\$	US\$
Net assets at the beginning of the financial year	903,707,909	1,095,583,852
Net income attributable to holders of redeemable participating shares	30,022,643	77,067,326
Issue of redeemable participating shares	129,691,779	102,868,182
Redemption of redeemable participating shares	(696,619,719)	(371,810,529)
Equalisation	<u>(8,407)</u>	<u>(922)</u>
Net assets attributable to holders of redeemable participating shares at the end of the financial year	<u><u>366,794,205</u></u>	<u><u>903,707,909</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	2020	2019
	US\$	US\$
Cash flows from operating activities:		
Net income attributable to holders of redeemable participating shares	30,022,643	77,067,326
Adjustments to reconcile net income attributable to holders of redeemable participating shares to net cash provided by operating activities:		
Net decrease in financial assets at fair value through profit or loss	528,976,564	144,486,742
Net decrease in financial liabilities at fair value through profit or loss	(2,600,027)	(3,018,349)
Net (increase)/decrease in due from/to brokers	(21,441,162)	34,025,241
Net decrease in other receivables	723,613	1,456,655
Net increase/(decrease) in other payables	<u>3,740,613</u>	<u>(262,333)</u>
Net cash provided by operating activities	<u>539,422,244</u>	<u>253,755,282</u>
Cash flows from financing activities:		
Proceeds from issue of redeemable participating shares	130,047,436	102,398,672
Payments on redemptions of redeemable participating shares	<u>(684,622,115)</u>	<u>(456,101,493)</u>
Net cash used in financing activities	<u>(554,574,679)</u>	<u>(353,702,821)</u>
Net decrease in cash and cash equivalents	(15,152,435)	(99,947,539)
Cash and cash equivalents at beginning of the financial year	<u>58,656,656</u>	<u>158,604,195</u>
Cash and cash equivalents at end of the financial year	<u>43,504,221</u>	<u>58,656,656</u>
Supplementary cash flow information:		
Interest received	7,611,428	16,448,891
Interest paid	(6,062,855)	(66,023)
Dividends received	(13,541)	(171,522)
Dividends paid	(542,244)	(1,952,476)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. ORGANISATION

Salar Fund plc (the “Fund”) is an investment fund with variable capital and limited liability incorporated in Ireland on 27 November 2007 and authorised by the Central Bank of Ireland (the “Central Bank”) pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) (“UCITS”) Regulations, 2011 (as amended) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) UCITS Regulations 2019 (the “Regulations”). The Fund commenced trading on 1 February 2008.

The Fund’s investment objective is to generate capital growth, whilst seeking to preserve capital, through a variety of risk/reward strategies generally in the convertible bond markets.

The Fund’s investment activities are managed by Ferox Capital LLP (the “Investment Manager”) with the administration of the Fund delegated to BNP Paribas Fund Administration Services (Ireland) Limited (the “Administrator”).

Shares are issued and can be redeemed as GBP, Euro and USD shares. The Fund has four main classes of shares, Class A Shares, Class C Shares, Class E Shares and Class I Shares, which are available for investment.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU and Irish statute comprising the Companies Act, 2014 and the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations, 2019 (as amended) (the “UCITS Regulations”).

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

The format and certain wordings of the financial statements have been adapted from those contained in the Companies Act 2014 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Fund’s business as an investment fund.

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

The financial statements are presented in US dollars (US\$) and all values are rounded to the nearest US\$1 except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) *Basis of preparation (Continued)*

New and amended standards and interpretations

Relevant industry standards and amendments to existing standards effective 1 January 2020

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, to clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments which became effective 1 January 2020 clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendment to the definition of materiality had no impact on the preparation of these financial statements.

Standards and amendments that are effective for the period beginning 1 January 2020 or later

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Financial instruments*

(i) *Classification and measurement*

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

- All financial assets previously held at fair value continue to be measured at fair value through profit or loss ("FVPL").
- Debt instruments and equity instruments, other than investments in subsidiaries and associates, are acquired for the purpose of generating short-term profit. Therefore, they are required to be measured at FVPL.
- Investments in subsidiaries and associates are measured at fair value in accordance with IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, respectively, as the Fund is an investment entity.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had an impact on the valuation of the fund's assets or liabilities.

(ii) *Recognition*

All purchases and sales of financial instruments are recognised on the trade date, which is the date that the Fund commits to purchase or sell an asset and require delivery of assets within the period generally established by regulation or convention in the market place.

(iii) *Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

The Fund derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Realised gains and losses on disposals of financial instruments are calculated using the first-in first-out ("FIFO") method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Financial instruments (Continued)*

(iv) *Initial measurement*

Financial instruments categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income.

(v) *Subsequent measurement*

After initial measurement, the Fund measures financial instruments which are classified at FVPL with changes in fair value recognised in the Statement of Comprehensive Income within net gain/(loss) on securities, derivative instruments and foreign exchange. 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 sourced from a reputable broker/counterparty, in the case of non-exchange traded instruments, at the Statement of Financial Position date without any deduction for estimated future selling costs.

- Investments in debt securities are valued at their last traded price.
- Investments in listed option contracts are valued based at the prices reported by the relevant exchange.
- Warrants are valued at the quoted price.
- Forward currency contracts are valued at the close-of-business rates as reported by the pricing vendors utilised by the Administrator to the ICAV.

If a quoted market price is not available on a recognised stock exchange or from a reputable broker/counterparty, the fair value of the financial instruments may be estimated by the Investment Manager, acting as the Competent Person appointed by the Directors and approved for such purposes by BNP Paribas Securities Services, Dublin Branch (the "Depositary"), using valuation techniques, including use of recent arm's length market transactions, referencing to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Fund records its derivative activities on a fair value basis. Fair values are determined by using quoted market prices, models and broker quotations.

Where the Fund has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for offsetting risk positions and applies the last price to the net open position as appropriate.

The Fund's investments must be capable of being valued frequently on a mark-to-market basis including the use, where appropriate, of matrix pricing according to the minimum frequency rules under the UCITS Regulations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Impairment of financial assets*

The Fund assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

(d) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. At financial year end, no financial assets or financial liabilities were reported net in the Statement of Financial Position. Refer to note 4 for more information regarding offsetting.

(e) *Cash and cash equivalents*

Cash and cash equivalents include amounts due from banks on demand and interest bearing deposits with original maturities of three months or less. Cash on hand or on deposit is held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are held with BNP Paribas Luxembourg. The fund operates under a Fund Asset Model whereby a collection account is held in the name of the fund to collect subscription monies and pay redemption monies. The monies held in the collection accounts are considered an asset of the fund and are disclosed in the Statement of Financial Position within cash and cash equivalents. Investor monies held in collection accounts at 31 December 2020 is US\$(17,040) (2019: US\$51,455).

(f) *Foreign currency translation*

Functional and presentation currency

Items included in the Fund’s financial statements are measured and presented using the currency of the primary economic environment in which it operates (the “functional currency”). This is US Dollar (US\$), which is the currency that best reflects the nature of the Fund’s global operations.

Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the closing rates of exchange at each financial year end. Transactions during the financial year, including purchases and sales of securities and income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency translation gains and losses are included in the Statement of Comprehensive Income within net gain/(loss) on securities, derivative instruments and foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) *Use of estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

(h) *Going concern*

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

(i) *Dividend income*

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Dividend income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

(j) *Interest income and expense*

Interest income and interest expense are recorded on an effective yield basis in the Statement of Comprehensive Income.

(k) *Taxation*

Uncertainties exist with respect to the interpretation of complex tax regulations on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no liability or contingent liability has been recognised for the years ended 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) *Redeemable participating shares*

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities.

The redeemable participating shares can be redeemed on any dealing day for cash equal to a proportionate share of the Fund's net asset value ("NAV"). The Fund's NAV per share is calculated daily by dividing the net assets attributable to holders of redeemable participating shares with the total number of outstanding redeemable shares.

The founder shares are non-redeemable, have no entitlements to dividend and are the most subordinate class in issue. Founder shares are classified as equity in accordance with IAS 32. The founder shares do not form part of the net asset value of the Fund and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Fund's business as an investment fund.

(m) *Expenses*

All expenses, including management fees and performance fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

(n) *Net gain/(loss) on securities, derivative instruments and foreign exchange*

Net gain/(loss) on securities, derivative instruments and foreign exchange includes all realised and unrealised fair value changes and foreign exchange differences.

(o) *Transaction costs*

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Financial instruments categorised at fair value through profit or loss measured initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income.

Transaction costs on purchases or sales of financial assets or financial liabilities are included in net gains/(losses) on financial assets at fair value through profit or loss in the Statement of Comprehensive Income. Separately identifiable costs are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) *Net gain or loss on financial assets and financial liabilities at fair value through profit or loss and foreign exchange*

For the financial year ended	2020 US\$	2019 US\$
Net realised gain on financial assets and liabilities at fair value through profit or loss and foreign exchange	82,619,925	467,772
Movement in unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss and foreign exchange	<u>(43,032,715)</u>	<u>98,015,261</u>
	<u>39,587,210</u>	<u>98,483,033</u>

(ii) *Fair value of financial instruments*

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices that are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs (the underlying information used to calculate the price) including inputs sourced from the multiple broker quotes. Investments which are included in this category include corporate bonds, convertible bonds, bond options, contracts for difference, credit default swaps, interest rate swaps, forward currency contracts, certain warrants certain and mutual funds.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgement or estimation. Investments that are included in this category include convertible bonds and bond options for which only one broker quotation is available, or when observable prices are not available for these securities, the Investment Manager uses one or more valuation techniques for which sufficient and reliable data is available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassification impacting Level 3 investments will be reported as transfers in/out of the Level 3 category as of the beginning of the financial year in which reclassifications occur.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) *Fair value of financial instruments (Continued)*

The following tables summarise the valuation of the Fund's financial assets and liabilities by the above fair value hierarchy levels as of 31 December 2020 and 31 December 2019.

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets				
- Debt instruments	–	320,205,032	–*	320,205,032
- Mutual Fund	–	9,623,161	–*	9,623,161
- Financial derivative instruments				
Bond options	–	12,132,187	–	12,132,187
Contracts for difference	–	808,553	–	808,553
Forward currency contracts	–	3,746,598	–	3,746,598
Interest rate swaps	–	6,984	–	6,984
Warrants	–	1,935,387	–	1,935,387
Bond futures	–	13,447	–	13,447
	<u>–</u>	<u>348,471,349</u>	<u>–</u>	<u>348,471,349</u>
Financial assets at fair value through profit or loss				
Financial liabilities				
- Financial derivative instruments				
Bond options	–	(530)	–	(530)
Contracts for difference	–	(475,978)	–	(475,978)
Forward currency contracts	–	(348,379)	–	(348,379)
Interest rate swaps	–	(5,506,492)	–	(5,506,492)
Bond futures	–	(23,242)	–	(23,242)
	<u>–</u>	<u>(6,354,621)</u>	<u>–</u>	<u>(6,354,621)</u>
Financial liabilities at fair value through profit or loss				

*Includes all which had a value of nil market value at the reporting date

ARCANDOR AG KARGR 8 7/8 07/11/13
 JAPAN AIRLINES CORP JALSTM 0 03/25/11
 CHINA MILK PRODUCTS GRP CMILK 0 01/05/12
 SHREE ASHT CINE VISION SACV 2 7/8 12/22/12
 YA HSIN INDUSTRIAL CO YAHSIN 0 01/05/09
 KPNQWEST NV KPNQWE 10 03/15/12
 BERLIAN LAJU TANKER TBK PT

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) *Fair value of financial instruments (Continued)*

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets				
- Debt instruments	–	794,418,470	–*	794,418,470
- Equity instruments	4,164,671	–	–*	4,164,671
- Mutual Fund	–	9,695,464	–	9,695,464
- Financial derivative instruments				
Bond options	–	32,274,919	–	32,274,919
Equity index options	–	2,825,304	–	2,825,304
Contracts for difference	–	1,512,921	–	1,512,921
Forward currency contracts	–	25,064,792	–	25,064,792
Interest rate swaps	–	273,048	–	273,048
Warrants	–	6,697,172	–	6,697,172
Bond futures	–	357,639	–	357,639
Index futures	–	163,513	–	163,513
	<u>4,164,671</u>	<u>873,283,242</u>	<u>–</u>	<u>877,447,913</u>
Financial assets at fair value through profit or loss				
	<u>4,164,671</u>	<u>873,283,242</u>	<u>–</u>	<u>877,447,913</u>
Financial liabilities				
- Financial derivative instruments				
Contracts for difference	–	(301,158)	–	(301,158)
Forward currency contracts	–	(3,973,846)	–	(3,973,846)
Interest rate swaps	–	(4,662,713)	–	(4,662,713)
Bond option	–	(3,789)	–	(3,789)
Index futures	–	(13,142)	–	(13,142)
	<u>–</u>	<u>(8,954,648)</u>	<u>–</u>	<u>(8,954,648)</u>
Financial liabilities at fair value through profit or loss				
	<u>–</u>	<u>(8,954,648)</u>	<u>–</u>	<u>(8,954,648)</u>

*Includes all which had a value of nil market value at the reporting date
 ARCANDOR AG KARGR 8 7/8 07/11/13
 JAPAN AIRLINES CORP JALSTM 0 03/25/11
 CHINA MILK PRODUCTS GRP CMILK 0 01/05/12
 SHREE ASHT CINE VISION SACV 2 7/8 12/22/12
 BERLIAN LAJU TANKER TBK PT

There were no transfers between levels during the financial year (2019: nil).

All other assets and liabilities held by the Fund at the reporting dates 31 December 2020 and 31 December 2019 are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents have been classified at level 1, due to the liquid nature of the asset. All other assets and liabilities held, outside of those discussed above, have been classified at level 2.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) *Fair value of financial instruments (Continued)*

Certain financial instruments may be recorded using valuation techniques with unobservable market data or are priced to incorporate low levels of market activity. These include convertible bonds with a fair value of US\$Nil (31 December 2019: US\$Nil) and an equity instrument with a fair value of US\$Nil (31 December 2019: US\$Nil).

An equity instrument with a fair value of US\$Nil (31 December 2019: US\$Nil) has been valued using last available quoted price as it is in default and illiquid.

The Directors have reviewed the reasonableness of Level 3 valuations and are satisfied that they represent the fair value of the instruments held by the Fund at 31 December 2020 and 31 December 2019. Furthermore, given the nature of inputs used on determining fair value, sensitivity analysis would not be relevant. There were no significant movements between Level 1 and Level 2 during the financial year.

The changes in investments measured at fair value for which Level 3 inputs have been used to determine fair value are as follows:

	US\$
Balance at 1 January 2020	-
Purchases	2,953
Sales	-
Losses:	-
Realised	-
Transfer from Level 1 to Level 3	-
Change in unrealised	(2,953)
Balance at 31 December 2020	-
	US\$
Balance at 1 January 2019	248,177
Purchases	-
Sales	(328,250)
Losses:	-
Realised	(267,650)
Transfer from Level 1 to Level 3	-
Change in unrealised	347,723
Balance at 31 December 2019	-

(iii) *Derivative contracts*

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Fund (the Fund does not designate any derivatives as hedges for hedge accounting purposes as described under IFRS 9). The derivative contracts that the Fund holds or issues are bond options, index options, equity options, equity leap options, contracts for difference ("CFDs"), forward currency contracts, interest rate swaps and warrants.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(iii) *Derivative contracts (Continued)*

Contracts for difference

CFDs represent OTC agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFD may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFD are valued at the CFD's settlement date and is included in the Statement of Comprehensive Income.

Forward currency contracts

Forward currency contracts are OTC agreements entered into by the Fund which represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/financial year-end date and is included in the Statement of Comprehensive Income.

Futures contracts

A futures contract obligates one party to sell and the other party to purchase a specific instrument for an agreed price on an agreed future date. Initial margin deposits made with respect to futures contracts are recognised as assets due from the Fund's broker (the Fund's agent in acquiring the futures position). Subsequent changes in the daily valuation of open contracts are recognised as unrealised gains or losses in the Statement of Comprehensive Income. Variation margin payments are made or received on traded futures as appreciation or depreciation occurs. Futures contracts are valued using quoted daily settlement prices established by the exchange on which they trade. Realised gains or losses are recorded when a contract is closed and are included in the Statement of Comprehensive Income.

Options

The Fund purchases put and call options through listed exchanges and OTC markets. Options purchased by the Fund provide the Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration date of the option. Options are valued in accordance with the accounting policy stated in Note 2 and the resulting movement in the unrealised gain or loss is recorded in the Statement of Comprehensive Income.

Bond options

Bond options represent OTC contracts with major multinational counterparties which allow the Fund to invest solely in the optionality component of a predetermined specific notional amount of a convertible bond. Bond options are valued in accordance with the accounting policy stated in Note 2 and the resulting movement in the unrealised gain or loss is recorded in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(iii) *Derivative contracts (Continued)*

Interest rate swaps

Interest rate swaps represent OTC agreements that obligate two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The realised gain or loss depends upon the prices at which the underlying financial instruments of the swap are valued at the swap's settlement date and is included in the Statement of Comprehensive Income. Interest rate swaps are fair valued with the resulting movement recorded in the Statement of Comprehensive Income.

Warrants

A warrant is a derivative security that gives the holder the right to purchase securities (usually equity) from the issuer at a specific price within a certain time frame. Warrants which are traded on an active market are valued at the quoted price.

The Fund may purchase warrants to speculate on the price movements of the financial instrument underlying the warrant, or for use as an economic hedge against certain equity positions held in the Fund's portfolio holdings. The Fund purchases warrants through listed markets. Warrants purchased by the Fund provide the Fund with the opportunity to purchase the underlying asset at an agreed-upon value either on (European style) or at any time before (American style) the expiration of the warrant.

The prices paid with regard to purchasing warrants are marked to market in accordance with Note 2 and the resulting gains or losses are recorded in the Statement of Comprehensive Income within net gain/(loss) on securities, derivative instruments and foreign exchange.

4. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The Fund may be eligible to present net on the Statement of Financial Position, certain financial assets and financial liabilities according to criteria described in Note 2. At 31 December 2020 and 31 December 2019 no financial assets and financial liabilities met the eligibility criteria and none were presented net on the Statement of Financial Position.

The following tables provide information on the potential financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2020 and at 31 December 2019. The cash balances held with the counterparties and amounts due from/(to) counterparties are disclosed in Note 6.

The gross amounts of recognised financial assets and financial liabilities disclosed in the above tables have been measured in the Statement of Financial Position at fair value. Refer to Note 10 for further details of risk management of financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

4. OFFSETTING FINANCIAL ASSETS AND LIABILITIES (Continued)

31 December 2020	Gross amounts of recognised assets US\$	Amounts offset in the statement of financial position US\$	Net amount presented on the statement of financial position US\$	Gross amounts not offset in the statement of financial position		Net amount US\$
				Financial instruments US\$	Cash Collateral US\$	
Financial assets						
BNP Paribas	394,363,562	—	394,363,562	(8,855,982)	—	385,507,580
Credit Suisse	807,092	—	807,092	—	—	807,092
Daiwa	571,656	—	571,656	(571,656)	—	—
JP Morgan	1,746,071	—	1,746,071	(1,175,944)	—	570,127
Mizuho	4,479,398	—	4,479,398	(3,332,994)	—	1,146,404
Nomura	8,834,903	—	8,834,903	(485,294)	—	8,349,609
Scotiabank	1,664,174	—	1,664,174	(6,255)	—	1,657,919
Total financial assets at fair value through profit or loss	412,466,856	—	412,466,856	(14,428,125)	—	398,038,731
31 December 2020						
	Gross amounts of recognised liabilities US\$	Amounts offset in the statement of financial position US\$	Net amount presented on the statement of financial position US\$	Gross amounts not offset in the statement of financial position		Net amount US\$
				Financial instruments US\$	Cash Collateral US\$	
Financial liabilities						
BNP Paribas	(8,855,982)	—	(8,855,982)	8,855,982	—	—
Daiwa	(665,064)	—	(665,064)	571,656	—	(93,408)
JP Morgan	(1,175,944)	—	(1,175,944)	1,175,944	—	—
Mizuho	(3,332,994)	—	(3,332,994)	3,332,994	—	—
Nomura	(485,294)	—	(485,294)	485,294	—	—
Scotiabank	(6,255)	—	(6,255)	6,255	—	—
Total financial liabilities at fair value through profit or loss	(14,521,533)	—	(14,521,533)	14,428,125	—	(93,408)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

4. OFFSETTING FINANCIAL ASSETS AND LIABILITIES (Continued)

31 December 2019	Gross amounts of recognised assets US\$	Amounts offset in the statement of financial position US\$	Net amount presented on the statement of financial position US\$	Gross amounts not offset in the statement of financial position		Net amount US\$
				Financial instruments US\$	Cash Collateral US\$	
Financial assets						
Barclays	254,831	–	254,831	–	–	254,831
BNP Paribas	925,106,925	–	925,106,925	(25,424,955)	–	899,681,970
Credit Suisse	444,273	–	444,273	–	–	444,273
Daiwa	1,593,279	–	1,593,279	(1,467,411)	–	125,868
JP Morgan	4,661,954	–	4,661,954	(4,500,354)	–	161,600
Mizuho	9,984,417	–	9,984,417	(7,993,724)	–	1,990,693
Nomura	15,353,203	–	15,353,203	(679,327)	–	14,673,876
UBS	700,022	–	700,022	–	–	700,022
Total financial assets at fair value through profit or loss	<u>958,098,904</u>	<u>–</u>	<u>958,098,904</u>	<u>(40,065,771)</u>	<u>–</u>	<u>918,033,133</u>
31 December 2019						
	Gross amounts of recognised liabilities US\$	Amounts offset in the statement of financial position US\$	Net amount presented on the statement of financial position US\$	Gross amounts not offset in the statement of financial position		Net amount US\$
				Financial instruments US\$	Cash Collateral US\$	
Financial liabilities						
BNP Paribas	(25,424,955)	–	(25,424,955)	25,424,955	–	–
Daiwa	(1,467,411)	–	(1,467,411)	1,467,411	–	–
JP Morgan	(4,500,354)	–	(4,500,354)	4,500,354	–	–
Mizuho	(7,993,724)	–	(7,993,724)	7,993,724	–	–
Nomura	(679,327)	–	(679,327)	679,327	–	–
Total financial liabilities at fair value through profit or loss	<u>(40,065,771)</u>	<u>–</u>	<u>(40,065,771)</u>	<u>40,065,771</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

5. FEES AND EXPENSES

Investment Management Fee

Pursuant to the investment management agreement, the Investment Manager receives from the Fund an investment management fee equal to 1/12 of 1 per cent per month of the net asset value ("NAV") of the Class A1, Class C1 and Class E1 Shares, an investment management fee equal to 1/12 of 1.5 per cent per month of the NAV of the Class A2, Class C2 and Class E2 Shares, an investment management fee equal to 1/12 of 2.0 per cent per month of Class E3 Shares and an investment management fee equal to 1/12 of 0.75 per cent per month of the NAV of Class I Shares (before deduction of that month's investment management fee and before deduction of any accrued performance fees) as at the last valuation point in each month accrued daily and payable monthly in arrears.

Total investment management fee accrued at the reporting date and amounts charged during the financial period are disclosed in the statement of financial position and the statement of comprehensive income respectively.

Performance Fee

The Investment Manager is also entitled to receive an annual performance fee in respect of each Class in the Fund, except for management share classes. The performance fee is calculated in respect of each calendar year by reference to the NAV per share of the class concerned as at the last valuation point prior to the commencement of that calendar year and the NAV per share of that class as at the last valuation point in that calendar year (a "Calculation Period"). The first calculation period shall be from close of the relevant initial offer period to the last valuation point in the relevant year and the initial offer price of the relevant Class shall be the starting NAV per share for the calculation of the Hurdle and the High Water Mark.

The Investment Manager will be entitled to a performance fee in respect of each Class A, C and E equal to 10 per cent of the increase in the adjusted GAV of the relevant Class at the end of the calculation period above the High Water Mark and the relevant Hurdle during the calculation period.

The Performance Fee shall accrue at each Valuation Point and, accordingly, the NAV will be adjusted to reflect such fee. The Performance Fee will be calculated by the Administrator and verified by the Fund and the Depositary.

Notwithstanding the foregoing, any accrued Performance Fee referable to Shares redeemed prior to the end of the Calculation Period shall crystallise and become payable to the Investment Manager following such redemption.

This crystallising Performance Fee is calculated as a pro-rated proportion of the uncrystallised Performance Fee which forms part of the Redemption Price per Share at which the relevant Shareholder redeemed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

5. FEES AND EXPENSES (Continued)

Performance Fee (Continued)

The Performance Fee is only payable on an increase in the Adjusted GAV per Share above the High Water Mark plus the Hurdle.

The Performance Fee (save any Performance Fee paid upon a redemption) shall be paid after the end of the Calculation Period in arrears. The Depositary shall verify the calculation of the Performance Fee prior to payment at the end of each Calculation Period.

Investors should note that where a Performance Fee is payable, it will be based on net realised and unrealised gains and losses at the end of each Calculation Period; as a result, a Performance Fee may be paid on unrealised gains that are never subsequently realised.

The performance fee in respect of each Class I Share in any Calculation Period is equal to 15 per cent of the increase in the adjusted gross asset value of the relevant class at the end of the Calculation Period above the sum of the high water mark and the relevant hurdle during the Calculation Period. The performance fee shall accrue at each valuation point and, accordingly, the NAV will be adjusted to reflect such fee. No performance fee will accrue or be paid until the NAV exceeds the high water mark. The performance fee shall be paid after the end of the Calculation Period in arrears.

The high water mark of the Class I Shares is the greater of (i) the initial offer price per share of the relevant share class; or (ii) the all-time highest NAV per share of the relevant class calculated on the last valuation point of a prior Calculation Period.

The hurdle of the Class I Shares is 5 per cent per annum. The hurdle will be added to the high water mark, and, in any Calculation Period, the adjusted gross asset value must exceed the hurdle plus high water mark before a performance fee can be paid. For periods of less than 1 year, the hurdle shall be pro-rated over the relevant period by multiplying by the number of actual days invested and dividing by 365. This adjustment to the hurdle shall apply both to new subscription amounts and to redemption amounts.

Hurdle

For each Calculation Period, the Hurdle in respect of:

i. Class A \$ Shares, Class C \$ Shares, Class D \$ Shares and Class E \$ Shares shall be the percentage rate achieved by compounding on a rolling daily basis to the end of the Calculation Period 100 per cent plus the US Dollar 90 Day LIBOR percentage interest rate Bloomberg ticker (US0003);

ii. Class A GBP Shares, Class C GBP Shares and the Class E GBP Shares shall be the percentage rate achieved by compounding on a rolling daily basis to the end of the Calculation Period 100 per cent plus the GBP 90 Day LIBOR percentage interest rate Bloomberg ticker (BP0003); and

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

5. FEES AND EXPENSES (Continued)

Performance Fee (Continued)

Hurdle (Continued)

iii. Class A Euro Shares, Class C Euro Shares, and the Class E Euro Shares shall be the percentage rate achieved by compounding on a rolling daily basis to the end of the Calculation Period 100 per cent plus the Euro 90 Day LIBOR percentage interest rate Bloomberg ticker (EE0003).

The Hurdle shall be calculated on the first Business Day of each calendar quarter in the Calculation Period, or in the case of the first Calculation Period, on the first Business Day after the relevant initial offer period;

In respect of a Share issued otherwise than on the first Dealing Day in a Calculation Period, the Hurdle will be prorated by reference to the number of days from the date of issue of that Share to the end of the Calculation Period.

With respect to each calendar quarter, the relevant LIBOR interest rate will be determined by the Administrator on the first Business Day in each calendar quarter (the "LIBOR Determination Date") in accordance with the provisions contained in the prospectus.

Equalisation of Performance Fees – Class A Shares, Class C Shares, Class D Shares and Class I Shares

The Subscription Price at which Shares will be issued on any Dealing Day (other than the first Dealing Day in any Calculation Period) will be the NAV per Share of such Class before accrual for the Performance Fee (if any). The difference between the Subscription Price of a Share and the NAV per Share of that Class after accrual for the Performance Fee per Share is referred to as an "Equalisation Credit". An adjustment will then be made at the end of each Calculation Period to compensate for the difference between the amount of Performance Fee accrued in respect of that Class Share at the time of subscription and the Performance Fee payable in respect of that Class Share at the end of the Calculation Period.

The Directors have resolved that Salar Fund Plc will no longer operate income equalisation for the class of Shares that have UK reporting fund status, currently this is related to the E Share Class.

Adjustments – Class A Shares, Class C Shares, Class D Shares and Class I Shares

At the end of each Calculation Period, the Performance Fee per Share will be calculated in respect of all Shares subscribed for on each Dealing Day during that Calculation Period, as described above.

If the Performance Fee per Share calculated (at the end of the Calculation Period) in respect of any such Share subscribed for on a Dealing Day is less than the Performance Fee per Share accrued in respect of that Share on that Dealing Day, the difference per Share multiplied by the number of Shares of that Class subscribed for by the holder of that Share on that Dealing Day will be applied to subscribe for additional Shares of the relevant Class to be issued to that Shareholder.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

5. FEES AND EXPENSES (Continued)

Performance Fee (Continued)

Adjustments – Class A Shares, Class C Shares, Class D Shares and Class I Shares (Continued)

If the Performance Fee per Share calculated (at the end of the Calculation Period) in respect of any such Shares of that Class subscribed for on a Dealing Day is greater than the Performance Fee per Share accrued in respect of that Share on that Dealing Day, such number of such Shares of that Class held by the holder of that Share as have an aggregate Net Asset Value equal to the difference per Share multiplied by the number of Shares of that Class subscribed for by the holder of that Share will be redeemed by the Fund at par value (the aggregate par value being retained by the Fund) and an amount equal to the aggregate Net Asset Value of the Shares so redeemed will be paid to the Investment Manager as a Performance Fee (a “Performance Fee Redemption”).

Performance Fee Methodology – Class E Shares

The Performance Fee calculation in respect of each Calculation Period will be equal to the aggregate of the Performance Fees determined in respect of each separate subscription of Shares, accrued daily. Since Performance Fees are aggregated and applied to the Share Class as a whole, the actual Performance Fee incurred for each separate subscription is determined by the change in NAV per Share of the Share Class. There may be occasions where an investor effectively pays for which it has gained no benefit or where some investors are subsidising other investors. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the Performance Fee will be calculated as if such Calculation Period ended on the date of such termination. The Calculation Period for Shares that are redeemed shall terminate on the effective date of redemption. In the event of a partial redemption, Shares shall be redeemed on a first in, first out basis, for the purposes of calculating the Performance Fee. Investors should note that any depreciation in the NAV per Share of the Class E Shares over a Calculation Period will not cause a reduction in, or otherwise affect, the calculation of the Performance Fee in respect of the relevant Class in any subsequent Calculation Period.

Total performance fee accrued at the reporting date and amounts charged during the financial period are disclosed in the statement of financial position and the statement of comprehensive income respectively

Administration Fee

The administration fee rate charged will not exceed 0.10 per cent per annum of the NAV of the Fund from 1 March 2019 for two years. Subsequent to the 1 March 2021, the administration fee charged will not exceed 0.11 per cent per annum of the NAV of the Fund. The administrator is also eligible to receive a middle office fee of 0.015 per cent per annum of the NAV of the Fund subject to a minimum annual fee of US\$80,000 (plus VAT, if any thereon).

Total administration fee accrued at the reporting date and amounts charged during the financial period are disclosed in the statement of financial position and the statement of comprehensive income respectively.

Depositary Fee

The Depositary is entitled to receive out of the net assets of the Fund an annual fee, accrued at each valuation point and payable monthly in arrears, which shall not exceed 0.04 per cent per annum of the NAV of the Fund subject to a minimum annual fee of US\$30,000 (plus VAT, if any) thereon.

Total depositary fee accrued at the reporting date and amounts charged during the financial period are disclosed in the statement of financial position and the statement of comprehensive income respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

5. FEES AND EXPENSES (Continued)

Directors' Fees

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund. The total Directors' expenses for the financial year were US\$810 (2019: US\$1,481) and the total Directors' fees for the financial year were US\$56,666 (2019: US\$66,882) of which US\$Nil (2019: US\$Nil) was payable at financial year end. The Fund also paid US\$58,809 (2019: US\$66,976) to Carne Global Financial Services Limited ("Carne"), an independent governance firm; in respect of director support serves for, Elizabeth Beazley and Teddy Otto. These costs are for services provided directly to the Directors which are payable by the Fund and do not constitute 'other services' as defined by the Central Bank.

Nicholas Curtis received a director's fee of €20,000 (2019 €20,000). Tom Seymour Mead did not receive a director's fee.

Auditor's fees and services

The following table presents a summary of accountant fees and services for the twelve months ended 31 December 2020 and 2019:

	2020	2019
	US\$	US\$
Auditor's fees regarding annual report	73,350	68,133
Fees for tax compliance services	9,760	39,782

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents the cash balances held with BNP Paribas Luxembourg and the Umbrella Cash Account held with BNP Paribas Securities Services, Dublin Branch. The fund operates under a Fund Asset Model whereby a collection account is held in the name of the Fund to collect subscription monies and pay redemption monies. The monies held in the collection accounts are considered an asset of the Fund and are disclosed in the statement of financial position within cash and cash equivalents. Investor monies held in collection accounts at 31 December 2020 is US\$(17,040) (2019: US\$51,455).

7. DUE FROM AND 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 reporting date, respectively.

The majority of the amounts due from and due to brokers are held with the Depository. There is a right of offset based on the master netting agreement in place between long and short positions subject to meeting eligibility criteria however none met this and the financial statements have been presented on a gross basis at 31 December 2020 and 31 December 2019. The Depository and broker credit ratings are disclosed in Note 10.

Margin accounts with brokers represent cash deposits with counterparties as collateral against open bond options, warrants and forward currency contracts. The Fund also transferred cash as collateral for transactions involving borrowed securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

7. DUE FROM AND TO BROKERS (Continued)

	2020	2019
	US\$	US\$
Due from brokers		
Cash balance with broker	17,095,331	700,996
Collateral	–	20,270,591
Receivable for investments sold	<u>3,395,955</u>	<u>1,022,748</u>
Total	<u><u>20,491,286</u></u>	<u><u>21,994,335</u></u>
	2020	2019
	US\$	US\$
Due to brokers		
Cash overdraft with broker	485,052	330,899
Collateral	7,681,860	29,893,228
Payable for investments purchased	<u>–</u>	<u>886,996</u>
Total	<u><u>8,166,912</u></u>	<u><u>31,111,123</u></u>

8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES

The authorised share capital of the Fund is 500 billion shares of no par value and €300,002 divided into 300,002 redeemable non-participating shares of €1.00 each. Non-participating shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Fund.

Voting Shares have the right to vote at general meetings of the Fund. The holders of Shares which are designated as Non-Voting Shares shall be entitled to receive notice to attend and speak at all general meetings of the Fund but not to vote on any resolution proposed thereat. Management Shares rank pari passu with the Class A Shares, Class C Shares, Class E Shares and Class I Shares in all respects save that no investment management fees or performance fees will be payable by the Fund to the Investment Manager in respect of the assets attributable to the Management Shares. More details of the fees relating to each class of shares can be found in Note 5.

The Directors have the power to allot shares in the capital of the Fund on such terms and in such manner as they may think fit. Of the 300,002 non-participating shares, two are currently in issue which were taken by the subscribers to the Fund and are held by the Investment Manager and nominees of the Investment Manager.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (Continued)

The net assets attributable to holders of redeemable participating shares are at all times equal to the net asset value of the Fund. The participating shares which comprise the equity capital of the Fund are in substance a liability of the Fund to shareholders under IAS 32- Financial Instruments Presentation, as they can be redeemed at the option of the shareholders.

Capital management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is subject to externally imposed minimum regulatory capital requirements which is €300,000.

The Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus.
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging techniques.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost-efficient.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (Continued)

The movement in the number of participating shares for the financial year ended 31 December 2020 were as follows:

31 December 2020	Opening	Subscriptions*	Redemptions*	Closing
Class A1 US\$ Shares (Accumulation)	548,098.85	862.00	(493,053.26)	55,907.59
US\$ Management Shares (Accumulation)	6,698.02	1,000.04	–	7,698.06
Class C1 US\$ Shares (Distribution - income)	1,014.24	–	(472.41)	541.83
Class C1 US\$ Shares (Distribution - non-income)	2,289.02	–	(2,195.50)	93.52
Class E1 US\$ Shares (Accumulation)	40,442.45	44,300.00	(25,665.21)	59,077.24
Class E1 US\$ Shares (Distribution - income)	500.00	–	(500.00)	–
Class E2 US\$ Shares (Accumulation)	14,671.58	1,638.58	(3,255.61)	13,054.55
Class E3 US\$ Shares (Accumulation)	9,683.59	3,814.58	(5,924.51)	7,573.66
Class I US\$ Shares (Accumulation)	33,431.99	18.78	(33,450.77)	–
Euro Management Shares (Accumulation)	12,000.00	2,947.80	–	14,947.80
Class A1 Euro Shares (Accumulation)	33,990.83	11,049.28	(30,588.53)	14,451.58
Class C1 Euro Shares (Distribution - income)	4,758.14	–	–	4,758.14
Class E1 Euro Shares (Accumulation)	1,391,914.70	617,210.04	(1,206,263.65)	802,861.09
Class E1 Euro Shares (Distribution - income)	37,100.00	500.00	(19,520.00)	18,080.00
Class E2 Euro Shares (Accumulation)	497,925.81	25,827.61	(401,628.48)	122,124.94
Class E3 Euro Shares (Accumulation)	120,891.80	17,185.38	(79,645.17)	58,432.01
Class I Euro Shares (Accumulation)	126,683.65	219.85	(69,452.93)	57,450.57
Class A1 Sterling Shares (Accumulation)	8,757.39	125.66	(2,792.22)	6,090.83
Sterling Management Shares (Accumulation)	15,075.24	3,253.79	(275.00)	18,054.03
Class C1 Sterling Shares (Distribution - income)	57,104.72	5.86	(38,048.93)	19,061.65
Class C1 Sterling Shares (Distribution - non-income)	6,299.16	–	(1,315.72)	4,983.44
Class C2 Sterling Shares (Distribution - income)	1,902.49	–	(216.75)	1,685.74
Class C2 Sterling Shares (Distribution - non-income)	154.65	–	(87.50)	67.15
Class E1 Sterling Shares (Accumulation)	22,665.20	49,421.38	(10,921.02)	61,165.56
Class E1 Sterling Shares (Distribution - income)	218,926.95	16,516.62	(145,221.07)	90,222.50
Class E3 Sterling Shares (Accumulation)	2,183.46	2,104.50	(2,830.00)	1,457.96
Class E2 Sterling Shares (Accumulation)	500.00	196.51	(69.65)	626.86
Class I Sterling Shares (Accumulation)	2,658,210.19	4,044.29	(2,086,480.05)	575,774.43

* Included within shares issued and shares redeemed are switches in and switches out between share classes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

8. SHARE CAPITAL AND REDEEMABLE PARTICIPATING SHARES (Continued)

The movement in the number of participating shares for the financial year ended 31 December 2019 were as follows:

31 December 2019	Opening	Subscriptions*	Redemptions*	Closing
Class A1 US\$ Shares (Accumulation)	632,438.77	–	(84,339.92)	548,098.85
US\$ Management Shares (Accumulation)	9,358.09	4,619.19	(7,279.26)	6,698.02
Class C1 US\$ Shares (Distribution - income)	4,953.59	235.00	(4,174.35)	1,014.24
Class C1 US\$ Shares (Distribution - non-income)	8,751.56	–	(6,462.54)	2,289.02
Class E1 US\$ Shares (Accumulation)	43,635.17	6,476.45	(9,669.17)	40,442.45
Class E1 US\$ Shares (Distribution - income)	2,662.28	–	(2,162.28)	500.00
Class E2 US\$ Shares (Accumulation)	18,642.78	525.07	(4,496.27)	14,671.58
Class E3 US\$ Shares (Accumulation)	11,979.58	2,821.90	(5,117.89)	9,683.59
Class I US\$ Shares (Accumulation)	33,324.98	107.01	–	33,431.99
Euro Management Shares (Accumulation)	12,000.00	–	–	12,000.00
Class A1 Euro Shares (Accumulation)	35,459.58	798.69	(2,267.44)	33,990.83
Class C1 Euro Shares (Distribution - income)	7,585.74	–	(2,827.60)	4,758.14
Class E1 Euro Shares (Accumulation)	2,147,316.20	409,868.28	(1,165,269.78)	1,391,914.70
Class E1 Euro Shares (Distribution - income)	54,200.00	–	(17,100.00)	37,100.00
Class E2 Euro Shares (Accumulation)	752,542.72	76,334.08	(330,950.99)	497,925.81
Class E3 Euro Shares (Accumulation)	199,731.98	18,550.83	(97,391.01)	120,891.80
Class I Euro Shares (Accumulation)	198,180.58	464.33	(71,961.26)	126,683.65
Class A1 Sterling Shares (Accumulation)	31,434.99	1,002.84	(23,680.44)	8,757.39
Class A2 Sterling Shares (Accumulation)	342.22	–	(342.22)	–
Sterling Management Shares (Accumulation)	17,901.15	–	(2,825.91)	15,075.24
Class C1 Sterling Shares (Distribution - income)	104,333.84	1,499.90	(48,729.02)	57,104.72
Class C1 Sterling Shares (Distribution - non-income)	8,665.72	–	(2,366.56)	6,299.16
Class C2 Sterling Shares (Distribution - income)	3,291.60	–	(1,389.11)	1,902.49
Class C2 Sterling Shares (Distribution - non-income)	814.86	–	(660.21)	154.65
Class E1 Sterling Shares (Accumulation)	25,859.40	5,952.21	(9,146.41)	22,665.20
Class E1 Sterling Shares (Distribution - income)	273,554.05	126,984.73	(181,611.83)	218,926.95
Class E3 Sterling Shares (Accumulation)	1,630.60	839.67	(286.81)	2,183.46
Class E2 Sterling Shares (Accumulation)	2,985.09	42.72	(2,527.81)	500.00
Class I Sterling Shares (Accumulation)	2,967,915.12	8,821.24	(318,526.17)	2,658,210.19

* Included within shares issued and shares redeemed are switches in and switches out between share classes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

9. CONTINGENCIES

Since the financial year ended 31 December 2014, it became apparent that US Internal Revenue Code (IRC) Section 305(c) applies to certain US convertible bonds held by the fund. Under Section 305(c), a change in a conversion rate occurring on an ex-dividend creates a taxable deemed distribution which is subject to withholding rates. There were uncertainties surrounding the computation and application of these rules. In April 2016, proposed regulations were issued to clarify the amount and timing of these deemed distributions and provide guidance on withholding agents' obligations. However, these proposed regulations are forward looking and will be relied upon for deemed distributions occurring on or after 1 January 2018. As such, it is undetermined if the Internal Revenue Service will enforce collection of Section 305(c) withholding tax on deemed distributions prior to this date. Further, the regulations are still only proposed as they were not finalized in 2016. A contingent 305(c) liability has been calculated for the financial year ended 31 December 2020 however, given that the outflow of economic resources required to settle any Section 305(c) obligation cannot be estimated with reasonable certainty, no liability has been recognized nor disclosed in the financial statements.

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Principles of risk management

The principal risks and uncertainties faced by the Fund are outlined in the prospectus. These risks include market risk (comprised of market price risk, currency risk and interest rate risk), credit risk and liquidity risk as per IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”).

The management of the financial instruments is fundamental to the management of the Fund's business. The Investment Manager is responsible, subject to the overall supervision and control of the Board of Directors (the “Board”), for managing the assets and investments of the sub-fund of the Fund in accordance with the investment objectives and guidelines approved by the Board and policies set forth in the Prospectus and the UCITS Regulations.

The Board has delegated the day to day risk management and reporting to the Investment Manager under the investment management agreement. The Investment Manager is responsible for ensuring that the appropriate risk management processes are in place and that it is functioning adequately, with the investment management function responsible for:

- trading securities, pre and post trade compliance and monitoring risk on a day to day basis;
- monitoring levels of global exposure, position risk, leverage, counter-party risk, other risk parameters of relevance;
- overseeing the risk management process of the Investment Manager;
- setting policy on instrument types, exposure limits and trading strategies (in conjunction with the Board);
- post trade checking for breaches of investment limits whether due to market movement or otherwise; and

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Principles of risk management (Continued)

- liaising with the Administrator in the setting of policies relating to financial derivative instruments pricing and dealing with any pricing issues that have been escalated in accordance with agreed escalation procedures or require a decision.

Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, price risk and interest rates. The Fund is exposed to market risk primarily through its financial assets and liabilities.

The Investment Manager has specific processes that are in place to control market risk. Market risk is assessed by the Investment Manager in the context of the total portfolio being managed, including all derivatives. Also the Investment Manager places restrictions on gearing of the portfolio (i.e. where the level of market exposure exceeds the market value of the Fund). The Investment Manager monitors derivative use to ensure derivatives are not used to circumvent gearing/borrowing restrictions imposed by law or mandate. Specifically, in the case of use of derivative positions to achieve exposure, the Fund holds sufficient cash or appropriate equivalent assets to meet potential obligations arising from the net derivative position. In the case of derivative positions to remove or reduce exposure, the Fund holds assets, which are considered a reasonable hedge.

The Fund trades in financial instruments to take advantage of market movements. The Fund's equity securities and trading financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instrument.

Global Exposure

UCITS funds are required to monitor exposures on a daily basis by utilising either the commitment approach or the value at risk ("VaR") approach when financial derivative instruments ("FDI") are held. The Investment Manager utilises the commitment approach in monitoring the exposure of the Fund as the market risk can be adequately monitored through this method. Derivatives will primarily be used to gain exposure to certain asset classes in which it is not permitted to directly invest and/or for purposes of efficient portfolio management.

The Fund held derivative positions during the financial years ended 31 December 2020 and 31 December 2019. The Fund has primarily held transferable securities, CFDs, interest rate swaps, options, bond options, forward currency contracts, futures contracts, warrants, cash and cash equivalents. Convertible bonds are transferable securities with derivative elements. This portfolio is monitored regularly by the Investment Manager under the commitment approach.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Global Exposure (Continued)

The Fund to date has held CFD's, interest rate swaps, options, bond options, equity index options, equity options, equity LEAP options, forward currency contracts, futures contracts and warrants. Exposures to these positions are monitored on a daily basis pursuant to the commitment approach.

Breaches of the exposure limits, if any, are identified using the commitment approach, addressed by the Investment Manager and reported to the Board. Please see the credit risk section for a review of the risk and related measurements related to FDI counterparties as of 31 December 2020 and 31 December 2019.

FDI positions are subject to risks that have the potential to influence the value of the Fund. The portfolio risk is detailed in the price risk and currency risk sections which provide analyses of the potential impact to the values due to these risks. Further, an analysis of the time available to liquidate the positions held by the Fund can be found in the liquidity risk section.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities or other instruments with sensitivity to equity prices (e.g. convertible bonds) as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in equity securities and from equity-linked derivatives. Exposure to these instruments is disclosed within the sector and geographical portfolio exposure on page 57 and 58. Sensitivity exposure is disclosed below. The Fund manages this risk by investing in a well diversified portfolio. The Fund is also exposed to other price risk relating to changes in market sentiment, supply and demand and other market forces.

Management's best estimate of the effect on the profit for a financial year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis presented and the difference could be material.

The Fund's primary strategy involves the holding of long positions in convertible bonds which exposes it to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed through a process of ongoing identification, measurement and monitoring, and subject to risk limit and other controls.

The sensitivity analysis presented shows the effect of a 5% increase or decrease in equity prices on the net assets of the Fund. Most of the equity sensitivity is due to the optionality embedded within the convertible bonds and bond options held by the Fund. The Fund has minimal direct equity exposure. The analysis below factors in the instrument deltas in order to measure the sensitivity of the instrument values relative to changes in the underlying equity prices.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Equity price risk (Continued)

Factoring in the instrument deltas in order to measure the sensitivity of the instrument values relative to changes in the underlying market prices, a 5% increase in financial assets at fair value through profit or loss would cause net assets attributable to holders of redeemable shares to increase by US\$6,821,649 (2019: US\$20,247,600). Similarly, a 5% decrease would cause net assets attributable to holders of redeemable shares to decrease by (US\$5,654,821) (2019: (US\$16,397,700)).

Currency risk

Currency risk, as defined by IFRS 7, arises due to financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Fund holds financial instruments.

The generation of trading profits and losses resulting from investment activity in currencies other than the functional currency creates an exposure to the non-functional currency denominated foreign exchange rate movements. This currency risk is managed using foreign exchange trades in accordance with Fund guidelines and restrictions. Daily monitoring is undertaken by the Investment Manager to ensure instruments used and exposures created are consistent with the investment strategy and objectives of the Fund.

Each Hedged Currency share class is protected against movements in the share-class currency versus the base currency throughout the period. The returns accruing to investors in each of the currency classes reflect the profits made overall throughout the period in each share class. However, because of an appreciation in the base currency against the various share-class currencies over the whole period, when reflected in the base currency (ignoring inflows and outflows) the statement of comprehensive income shows a net gain (2019: gain) attributable to holders of redeemable participating shares. This is not reflective of the returns experienced by any investor in any hedged currency class. The gain of US\$3,234,205 (2019: loss of US\$11,434,963) is equivalent to the effect of protecting the hedged currency classes against the appreciation in the base currency.

The Fund's total net exposure, including foreign currency hedging within the portfolio, to fluctuations in foreign currency exchange rates at the reporting date was as follows:

The table below calculates the effect of a reasonably possible movement of the exchange rate against the US\$ at 31 December 2020 and 31 December 2019 on the net assets attributable to holders of redeemable participating shares, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Currency risk (Continued)

	Net fair	Net fair	Change in	Effect on	
	value	value		Exchange rate	profit
	2020	2019	%	for the financial year	
	US\$	US\$		US\$	
				2020	2019
				+/-	+/-
Currency					
Australian Dollar	990,781	12,913,766	5%	49,539	645,688
British Pound	40,699,915	136,601,576	5%	2,034,996	6,830,079
Danish Krone	(2,182)	(1,606)	5%	(109)	(80)
Euro	182,486,461	267,973,851	5%	9,124,323	13,398,693
Hong Kong Dollar	15,935,837	52,908,946	5%	796,792	2,645,447
Japanese Yen	22,278,028	85,056,133	5%	1,113,901	4,252,807
Swiss Franc	14,604,617	44,975,917	5%	730,231	2,248,796
Singapore Dollar	8,967,497	10,898,825	5%	448,375	544,941
South African Rand	–	14	5%	–	1
Swedish Krona	(22)	(18)	5%	(1)	(1)
Taiwan Dollar	(252,259)	(33,087)	5%	(12,613)	(1,654)
Sub-total	<u>285,708,673</u>	<u>611,294,317</u>			
US Dollar	<u>81,085,532</u>	<u>292,413,592</u>			
Total	<u>366,794,205</u>	<u>903,707,909</u>			

For share class hedging purposes, the Fund holds offsetting additional British Pound and Euro exposure. It is anticipated that the sensitivity shown would be largely offset by movements in the corresponding share capital liabilities of the Fund.

The Investment Manager generally seeks to hedge foreign currency exposure of the Fund to currencies other than the base currency through the use of spot and forward foreign exchange contracts or other methods if reducing exposure to currency fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of interest rate risk arises on interest-bearing financial instruments recognised in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

The following table details the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

31 December 2020	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Greater than 5 years US\$	Non-interest bearing US\$	Total US\$
Assets							
Financial assets at fair value through profit or loss	3,764,599	21,935,858	50,524,791	197,064,321	65,558,619	9,623,161	348,471,349
Cash and cash equivalents	43,504,221	–	–	–	–	–	43,504,221
Due from brokers	20,491,286	–	–	–	–	–	20,491,286
Other receivables and prepayments	–	–	–	–	–	229,937	229,937
Total assets	67,760,106	21,935,858	50,524,791	197,064,321	65,558,619	9,853,098	412,696,793
Liabilities							
Financial liabilities at fair value through profit or loss	126,276	79,789	177,581	5,067,054	903,921	–	6,354,621
Due to brokers	8,166,912	–	–	–	–	–	8,166,912
Interest payable	844,639	–	–	–	–	–	844,639
Accrued expenses and other payables	–	–	–	–	–	30,536,416	30,536,416
Net assets attributable to holders of redeemable participating shares	–	–	–	–	–	366,794,205	366,794,205
Total liabilities	9,137,827	79,789	177,581	5,067,054	903,921	397,330,621	412,696,793
Total interest sensitivity gap	58,622,279	21,856,069	50,347,210	191,997,267	64,654,698	(387,477,523)	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

31 December 2019	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Greater than 5 years US\$	Non-interest bearing US\$	Total US\$
Assets							
Financial assets at fair value through profit or loss	34,727,357	35,011,182	104,427,017	530,263,749	158,089,369	14,929,239	877,447,913
Cash and cash equivalents	58,656,656	–	–	–	–	–	58,656,656
Due from brokers	21,994,335	–	–	–	–	–	21,994,335
Interest receivable	–	–	–	–	–	812,943	812,943
Other receivables and prepayments	–	–	–	–	–	594,705	594,705
Total assets	115,378,348	35,011,182	104,427,017	530,263,749	158,089,369	16,336,887	959,506,552
Liabilities							
Financial liabilities at fair value through profit or loss	283,292	3,557,799	159,104	3,621,618	1,215,025	117,810	8,954,648
Due to brokers	31,111,123	–	–	–	–	–	31,111,123
Interest payable	21,679	–	–	–	–	–	21,679
Accrued expenses and other payables	–	–	–	–	–	15,711,193	15,711,193
Net assets attributable to holders of redeemable participating shares	–	–	–	–	–	903,707,909	903,707,909
Total liabilities	31,416,094	3,557,799	159,104	3,621,618	1,215,025	919,536,912	959,506,552
Total interest sensitivity gap	83,962,254	31,453,383	104,267,913	526,642,131	156,874,344	(903,200,025)	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

A change of 25 basis points ("bps") in interest rates at the reporting date would have increased/(decreased) the net assets attributable to holders of redeemable participating shares by the following amounts. This analysis assumes that the interest rate curve moves in parallel by 25bps across all maturities but that all other variables remain constant.

31 December 2020	Net assets attributable to holders of redeemable shares	
	25 bps increase	25 bps decrease
	US\$	US\$
Debt instruments	(60,736)	60,736
Broker interest	108,761	(108,761)
Total	48,025	48,025

31 December 2019	Net assets attributable to holders of redeemable shares	
	25 bps increase	25 bps decrease
	US\$	US\$
Debt instruments	(796,954)	796,954
Broker interest	146,642	(146,642)
Total	(650,312)	650,312

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Fund. It is the Fund's policy to enter into financial instruments with a range of reputable counterparties. The Investment Manager only permits trading with approved brokers. New brokers are added, subject to a formal review process that includes a review of the broker's creditworthiness, financial strength, ability to enter into legally enforceable arrangements and standing in the financial community. Therefore, the Fund seeks to avoid counterparty credit losses on its financial instruments. The Fund's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations as of 31 December 2020 and 31 December 2019 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the Statement of Financial Position.

With respect to financial derivative instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Fund's overall exposure to credit risk on financial derivative instruments subject to a master netting arrangement is eliminated only to the extent that financial liabilities due to the same counterparty will be settled after the assets are realised. This exposure can change substantially within a short period since it is affected by each transaction subject to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The maximum exposure to credit risk is as follows:

31 December 2020

	S&P Credit rating	Cash and cash equivalents	Financial assets held for trading	Financial liabilities held for trading	Broker Balance	Total
		US\$	US\$	US\$	US\$	US\$
Counterparty						
Credit Suisse	BBB+	–	807,092	–	–	807,092
Daiwa	BBB+	–	571,656	–	(665,064)	(93,408)
JPMorgan	A-	–	1,168,587	(252,259)	(346,201)	570,127
Mizuho International	A-	–	4,479,398	(289)	(3,332,705)	1,146,404
Nomura	BBB+	–	5,105,455	(241)	3,244,395	8,349,609
Scotiabank	A-	–	181,759	(6,254)	1,482,414	1,657,919
UBS	A+	–	–	–	–	–
		–	12,313,947	(259,043)	382,839	12,437,743
Depository						
BNP Paribas*	A+	43,504,221	336,157,402	(6,095,578)	11,941,535	385,507,580
Total		<u>43,504,221</u>	<u>348,471,349</u>	<u>(6,354,621)</u>	<u>12,324,374</u>	<u>397,945,323</u>

Transactions are only concluded with counterparties which have an investment grade as rated by a well known rating agency.

Cash and cash equivalents are held with the BNP Depository. In the event of insolvency or bankruptcy of the BNP Depository, the Fund will be treated as a general creditor in relation to the cash held with it.

*The S&P long term credit rating of BNP Paribas Securities Services, the ultimate parent of the Depository. The Depository is not rated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

31 December 2019

	S&P Credit rating	Cash and cash equivalents	Financial assets held for trading	Financial liabilities held for trading	Broker Balance	Total
		US\$	US\$	US\$	US\$	US\$
Counterparty						
Barclays Capital	Baa3	–	254,830	–	–	254,830
Credit Suisse	A+	–	444,273	–	–	444,273
Daiwa	BBB+	–	1,593,279	(2,411)	(1,465,000)	125,868
JPMorgan	A-	–	4,661,954	(132,755)	(4,367,599)	161,600
Mizuho International	A	–	9,984,417	(871)	(7,992,853)	1,990,693
Nomura	BBB+	–	15,353,203	(9,900)	(669,426)	14,673,877
UBS	A+	–	–	–	700,022	700,022
		<u>–</u>	<u>32,291,956</u>	<u>(145,937)</u>	<u>(13,794,856)</u>	<u>18,351,163</u>
Depository						
BNP Paribas*	A+	<u>58,656,656</u>	<u>845,155,957</u>	<u>(8,808,711)</u>	<u>4,678,068</u>	<u>899,681,970</u>
Total		<u>58,656,656</u>	<u>877,447,913</u>	<u>(8,954,648)</u>	<u>(9,116,788)</u>	<u>918,033,133</u>

Transactions are only concluded with counterparties which have an investment grade as rated by a well known rating agency.

Cash and cash equivalents are held with the BNP Depository. In the event of insolvency or bankruptcy of the BNP Depository, the Fund will be treated as a general creditor in relation to the cash held with it.

*The S&P long term credit rating of BNP Paribas Securities Services, the ultimate parent of the Depository. The Depository is not rated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

Portfolio % by rating agency category:

31 December 2020			31 December 2019		
S&P Credit rating	Total	% of total	S&P Credit rating	Total	% of total
A	18,183,094	5.50%	A	52,625,371	6.51%
A+	6,140,580	1.86%	A+	6,166,676	0.76%
A-	26,436,854	8.02%	A-	53,132,724	6.57%
Ap	11,000,850	3.34%	Ap	-	- %
A2	-	- %	A2	25,450,955	3.15%
A3	-	- %	A3	28,039,936	3.47%
A-p	-	- %	A-p	-	- %
AA-	-	- %	AA-	-	- %
Aa2	-	- %	Aa2	12,021,520	1.49%
B-	-	- %	B-	-	- %
B+u	-	- %	B+u	-	- %
Ba2	-	- %	Ba2	-	- %
Baa1	-	- %	Baa1	-	- %
BB-	-	- %	BB-	-	- %
BB+	-	- %	BB+	-	- %
BBB	4,949,272	- %	BBB	13,424,250	1.66%
BBB+	20,567,980	1.50%	BBB+	56,079,010	6.94%
BBB-	-	6.24%	BBB-	5,976,376	0.74%
BBBu	-	- %	BBBu	-	- %
BB	-	- %	BB	-	- %
BB-	-	- %	BB-	-	- %
B	-	- %	B	-	- %
B+	-	- %	B+	4,942,656	0.61%
B-	-	- %	B-	-	- %
CCC+	-	- %	CCC+	-	- %
Not rated	<u>242,549,563</u>	<u>73.54%</u>	Not rated	<u>550,419,131</u>	<u>68.10%</u>
Total	<u>329,828,193</u>	<u>100.00%</u>	Total	<u>808,278,605</u>	<u>100.00%</u>

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with a range of counterparties, thereby mitigating any significant concentration of credit risk. Countries relate to country of incorporation and do not necessarily reflect country of economic risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Significant concentrations of credit risk (Continued)

The sector and country distributions are as follows:

Sector exposure	Market Value 2020 US\$	Country	Market Value 2020 US\$
Consumer Discretionary	36,143,277	Australia	976,216
Consumer Staples	20,085,510	Belgium	3,702,891
Energy	18,026,364	British Virgin Islands	7,412,759
Financial	85,196,129	Cayman Islands	217,812
Health Care	19,066,512	China	10,676,561
Industrial	67,740,352	European Union	(17,368)
Information Technology	23,555,623	France	51,732,301
Materials	11,449,465	Germany	35,539,448
Others	(2,111,083)	Hong Kong	18,080,822
Real Estate	21,550,685	Ireland	9,623,161
Telecommunication Services	28,072,884	Israel	5,319,738
Telecommunications	629,885	Italy	14,965,901
Utilities	12,711,125	Japan	28,263,499
		Malaysia	4,585,418
		New Zealand	1,298,268
		Singapore	11,447,509
		South Africa	9,130,530
		South Korea	1,139,310
		Spain	7,082,676
		Sweden	5,879,298
		Switzerland	24,759,929
		Taiwan	1,667,050
		United Kingdom	28,900,296
		United States	57,677,661
		Vietnam	2,055,042
Total	342,116,728	Total	342,116,728

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Significant concentrations of credit risk (Continued)

Sector exposure	Market Value 2019 US\$	Country	Market Value 2019 US\$
Communications	277,169	Australia	12,865,965
Consumer Discretionary	43,212,957	Belgium	5,888,542
Consumer Staples	39,966,051	China	62,350,101
Energy	41,680,967	European Union	(1,172,038)
Financial	178,967,266	France	72,336,824
Health Care	39,658,858	Germany	84,535,209
Industrial	94,932,167	Greece	5,397,516
Materials	73,786,070	Hong Kong	59,739,148
Others	1,697,916	Ireland	9,695,464
Real Estate	151,636,606	Italy	16,280,416
Technology	63,369,820	Japan	102,002,213
Telecommunication Services	58,582,500	Malaysia	11,596,922
Utilities	80,724,918	Netherlands	28,464,823
		Singapore	10,662,387
		South Africa	20,751,487
		Switzerland	61,647,857
		Taiwan	7,779,323
		Thailand	77,028
		United Kingdom	121,458,755
		United States	167,282,275
		Vietnam	8,853,048
Total	868,493,265	Total	868,493,265

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Fund's financial instruments include investments in derivative contracts traded over-the-counter, which are not traded in an organised public market and which may be illiquid. As a result, the Fund may not be able to promptly liquidate some of these investments at an amount close to its fair value in order to meet its liquidity requirements or to respond to specific events such as a deterioration in the credit worthiness of any particular issuer. However the majority of the positions held in the portfolio are securities that are considered to be readily realisable within the Fund's liquidity terms.

Maturity profile of assets and liabilities at financial year end

The tables below summarise the maturity profile of the Fund's assets and liabilities and gross-settled derivatives based on contractual undiscounted cash flows. The below table summarises the Fund's liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The analysis does not reflect the liquidity of the secondary market.

The Investment Manager is constantly monitoring the liquidity of the Fund's portfolio.

As at 31 December 2020

	Within 1 month US\$	1 to 3 months US\$	3 months to 1 year US\$	Greater than 1 year US\$	No stated maturity US\$	Total US\$
Assets						
Financial assets at fair value through profit or loss	3,764,599	21,935,858	50,524,791	262,622,940	9,623,161	348,471,349
Cash and cash equivalents	43,504,221	-	-	-	-	43,504,221
Due from brokers	20,491,286	-	-	-	-	20,491,286
Other receivables	-	229,937	-	-	-	229,937
Total assets	67,760,106	22,165,795	50,524,791	262,622,940	9,623,161	412,696,793
Liabilities						
Financial liabilities at fair value through profit or loss	126,276	79,789	177,581	5,067,054	903,921	6,354,621
Due to brokers	8,166,912	-	-	-	-	8,166,912
Interest payable	844,639	-	-	-	-	844,639
Other payables	-	-	-	-	30,536,416	30,536,416
Redeemable shares(*)	366,794,205	-	-	-	-	366,794,205
Total liabilities	375,932,032	79,789	177,581	5,067,054	31,440,337	412,696,793

* Subject to daily liquidity but countered to a degree by limitations in the prospectus, Directors may defer redemptions at a particular dealing day to the next dealing day where the requested redemptions exceed 10 per cent of the Fund's NAV

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

10. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

Maturity profile of assets and liabilities at financial year end (Continued)

The below table summarises the Fund's liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

As at 31 December 2019	Within 1 month US\$	1 to 3 months US\$	3 months to 1 year US\$	Greater than 1 year US\$	No stated maturity US\$	Total US\$
Assets						
Financial assets at fair value through profit or loss	34,727,357	35,011,182	104,427,017	688,353,118	14,929,239	877,447,913
Cash and cash equivalents	58,656,656	–	–	–	–	58,656,656
Due from brokers	21,994,335	–	–	–	–	21,994,335
Interest receivable	–	812,943	–	–	–	812,943
Other receivables	–	594,705	–	–	–	594,705
Total assets	<u>115,378,348</u>	<u>36,418,830</u>	<u>104,427,017</u>	<u>688,353,118</u>	<u>14,929,239</u>	<u>959,506,552</u>
Liabilities						
Financial liabilities at fair value through profit or loss	283,292	3,557,799	159,104	4,836,643	117,810	8,954,648
Due to brokers	31,111,123	–	–	–	–	31,111,123
Interest payable	21,679	–	–	–	–	21,679
Other payables	–	–	–	–	15,711,193	15,711,193
Redeemable shares(*)	903,707,909	–	–	–	–	903,707,909
Total liabilities	<u>935,124,003</u>	<u>3,557,799</u>	<u>159,104</u>	<u>4,836,643</u>	<u>15,829,003</u>	<u>959,506,552</u>

* Subject to daily liquidity but countered to a degree by limitations in the prospectus, Directors may defer redemptions at a particular dealing day to the next dealing day where the requested redemptions exceed 10 per cent of the Fund's NAV.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

11. EXCHANGE RATES

The following exchange rates have been used to translate assets and liabilities into the functional currency of the Fund, US\$:

	2020	2019
	Rate	Rate
Currency		
Australian Dollar	1.300	1.424
Danish Krone	6.087	6.654
Euro	0.818	0.891
Hong Kong Dollar	7.754	7.789
Japanese Yen	103.295	108.578
Malaysian Ringgit	-	4.090
Pound Sterling	0.733	0.754
Swiss Franc	0.885	0.966
Singapore Dollar	1.321	1.345
South African Rand	14.672	13.976
Swedish Krona	8.218	9.350
Taiwan Dollar	28.094	29.911

12. TRANSACTION COSTS

In order to achieve its investment objective, a Fund will incur transaction costs in relation to trading activity on its portfolio. Disclosed in the table below are separately identifiable transaction costs incurred by the Fund for the financial year ended 31 December 2020 and 31 December 2019. These include brokerage commissions and broker fees on exchange traded future contracts.

	31 December	31 December
	2020	2019
	US\$	US\$
Transaction costs	70,362	180,512

Not all transaction costs are separately identifiable. For fixed income investments and forward currency contracts, transaction costs will be included in the purchase and sales price of the investment, and not separately disclosed as transaction costs by way of this note.

13. SOFT COMMISSION ARRANGEMENTS

There were no soft commission arrangements in place during the financial year (2019: Nil). There are three commission sharing agreements in place. This equated to 2020: US\$Nil (2019: US\$Nil) of the Fund's commissions paid.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

14. RELATED PARTIES

In accordance with IAS 24-Related Party Disclosures, the related parties of the Fund and the required disclosure relating to material transactions with parties are outlined below.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund regards the Investment Manager, the Directors and Ferox Investments ICAV as related parties. The Fund has an investment in Ferox Investments ICAV. The investment in Ferox Investments ICAV does not earn any management or performance fees and so does not contribute to the management or performance fee earned on Ferox Investments ICAV.

Elizabeth Beazley and Teddy Otto are employees of Carne Global Financial Services Limited. Nicholas Curtis was a non executive Director of Ferox Capital Management Limited. Nicholas Curtis (UK Resident) resigned as Director of Ferox Capital Management Limited on 2 September 2020. At the balance sheet date, Tom Seymour Mead was a Partner of Ferox Capital LLP and a Director of Ferox Capital Management Limited.

Effective 24 April 2020, Nicholas Curtis subscribed £500,000 into Sterling Management Shares (Accumulation) and was allocated 3,194.48 Shares. Nicholas Curtis held 3,194.48 Shares on 31 December 2020.

Details of fees with related parties are set out in Note 5. Ferox Master Fund Limited ("Ferox Master") used the same Investment Manager as the Fund and is therefore considered a connected person. During the financial year operating expenses paid by Ferox Master on behalf of the Fund amounted to US\$Nil (2019: US\$1,500,000) and US\$Nil (2019: US\$84,596) remains payable at financial year end and is included in accrued expenses and other payables. Effective October 1, 2019 Salar Fund plc commenced directly paying for operating expenses incurred by it.

The Fund is invested in Ferox Investments ICAV which is also managed by Ferox Capital LLP and also has the same board of Directors as the Company and is therefore considered a related party. The Fund holds Chinook Global Convertible Bond Fund Class M EUR Shares US\$9,623,161 (2019: US\$9,695,464) 57,546 shares (2019: 78,809).

The Fund uses affiliates of the Investment Manager and the same investment advisors as the Ferox Investments ICAV and Suzuka Inka: Segment Watzmann. Prior to the termination of Ferox Master Fund Limited and Ferox Fund Limited the Fund used affiliates of the Investment Manager and the same investment advisors. During the financial year ended 31 December 2020 and 31 December 2019, the Fund did not have any investment transactions with any of the connected person funds listed above.

15. DISTRIBUTIONS TO SHAREHOLDERS

Shares are available either as income Class distribution Shares ("Qualifying Shares"), non-income Class distribution Shares or accumulation Shares. Qualifying Shares are paid dividends in the manner set out below and Accumulation Shares and non-income Class distribution Shares will not pay dividends. The Directors can declare dividends in respect of the Qualifying Shares in respect of some or all of the net income arising from the assets attributable to such Shares. Dividends can be distributed on a bi-annual basis, or at such other times determined by the Directors, in accordance with the provisions of the Prospectus and Articles. Distributions to shareholders are recorded in the Statement of Comprehensive Income. During the year no dividends were approved or paid. (31 December 2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

16. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Since early January 2020, global financial markets have been monitoring and reacting to the novel coronavirus (2019-nCoV) that is believed to have originated in Wuhan, China. While containment efforts may have helped to slow the growth of the virus in mainland China, in late March 2020, global financial markets reacted sharply to the news that the virus continued to spread across the globe, as well as concerns regarding the larger economic impact this may have on a global scale. The eventual impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. With regards to day to day operations, the Investment Manager and many of its service providers have invoked business continuity procedures, including remote working, to ensure the safety of staff and to enable the business to continue to operate with minimal impact. The Investment Manager expects continued market volatility; however the Fund is a going concern, financially stable and able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There were no other significant events during the financial period that require amendments to or disclosure in the financial statements.

17. NET ASSET VALUE HISTORY

	2020	2019	2018
Class A1 US\$ Shares (Accumulation)			
Net asset value (\$)	10,114,633	90,362,317	95,681,661
Net asset value per share (\$)	180.92	164.86	151.29
US\$ Management Shares (Accumulation)			
Net asset value (\$)	1,098,590	854,801	1,080,859
Net asset value per share (\$)	142.71	127.62	115.50
Class C1 US\$ Shares (Distribution - income)			
Net asset value (\$)	80,754	137,753	617,366
Net asset value per share (\$)	149.04	135.82	124.63
Class C1 US\$ Shares (Distribution - non-income)			
Net asset value (\$)	15,557	347,100	1,217,867
Net asset value per share (\$)	166.35	151.64	139.16
Class E1 US\$ Shares (Accumulation)			
Net asset value (\$)	9,563,570	5,975,381	5,918,238
Net asset value per share (\$)	161.88	147.75	135.63

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

17. NET ASSET VALUE HISTORY (Continued)

	2020	2019	2018
Class E1 US\$ Shares (Distribution - income)			
Net asset value (\$)	–	56,084	274,082
Net asset value per share (\$)	–	112.17	102.95
Class E2 US\$ Shares (Accumulation)			
Net asset value (\$)	2,016,639	2,075,261	2,430,459
Net asset value per share (\$)	154.48	141.45	130.37
Class E3 US\$ Shares (Accumulation)			
Net asset value (\$)	1,114,373	1,312,638	1,502,599
Net asset value per share (\$)	147.14	135.55	125.43
Class I US\$ Shares (Accumulation)			
Net asset value (\$)	–	3,795,066	3,459,799
Net asset value per share (\$)	–	113.52	103.82
Euro Management Shares (Accumulation) ¹			
Net asset value (€)	1,700,163	1,236,480	1,151,640
Net asset value per share (€)	113.74	103.04	95.97
Class A1 Euro Shares (Accumulation) ¹			
Net asset value (€)	2,445,858	5,311,067	5,218,941
Net asset value per share (€)	169.24	156.25	147.18
Class C1 Euro Shares (Distribution - income) ¹			
Net asset value (€)	650,896	600,940	902,400
Net asset value per share (€)	136.80	126.30	118.96
Class E1 Euro Shares (Accumulation) ¹			
Net asset value (€)	130,873,905	210,018,613	305,305,391
Net asset value per share (€)	163.01	150.88	142.18
Class E1 Euro Shares (Distribution – income) ¹			
Net asset value (€)	2,048,585	3,880,851	5,341,410
Net asset value per share (€)	113.31	104.61	98.55
Class E2 Euro Shares (Accumulation) ¹			
Net asset value (€)	18,843,872	71,298,328	101,954,457
Net asset value per share (€)	154.30	143.19	135.48

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

17. NET ASSET VALUE HISTORY (Continued)

	2020	2019	2018
Class E3 Euro Shares (Accumulation) ¹			
Net asset value (€)	7,824,184	15,085,522	23,692,207
Net asset value per share (€)	133.90	124.79	118.62
Class I Euro Shares (Accumulation) ¹			
Net asset value (€)	6,512,051	13,190,302	19,362,243
Net asset value per share (€)	113.35	104.12	97.70
Class A1 Sterling Shares (Accumulation) ¹			
Net asset value (£)	1,100,570	1,453,000	4,860,478
Net asset value per share (£)	180.69	165.92	154.62
Class A2 Sterling Shares (Accumulation) ¹			
Net asset value (£)	–	–	50,984
Net asset value per share (£)	–	–	148.98
Sterling Management Shares (Accumulation) ¹			
Net asset value (£)	3,398,491	2,557,514	2,795,623
Net asset value per share (£)	188.24	169.65	156.17
Class C1 Sterling Shares (Distribution - income) ¹			
Net asset value (£)	2,999,999	8,252,488	14,051,682
Net asset value per share (£)	157.38	144.51	134.68
Class C1 Sterling Shares (Distribution - non-income) ¹			
Net asset value (£)	819,198	950,808	1,219,007
Net asset value per share (£)	164.38	150.94	140.67
Class C2 Sterling Shares (Distribution - income) ¹			
Net asset value (£)	259,580	270,232	437,454
Net asset value per share (£)	153.99	142.04	132.90

¹ Hedged share class

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

17. NET ASSET VALUE HISTORY (Continued)

	2020	2019	2018
Class C2 Sterling Shares (Distribution - non-income) ¹			
Net asset value (£)	10,490	22,286	109,868
Net asset value per share (£)	156.22	144.11	134.83
Class E1 Sterling Shares (Accumulation) ¹			
Net asset value (£)	9,549,287	3,270,824	3,479,382
Net asset value per share (£)	156.12	144.31	134.55
Class E3 Sterling Shares (Accumulation) ¹			
Net asset value (£)	207,321	288,384	202,537
Net asset value per share (£)	142.20	132.08	124.21
Class E1 Sterling Shares (Distribution income) ¹			
Net asset value (£)	11,324,063	25,243,688	29,404,320
Net asset value per share (£)	125.51	115.31	107.49
Class I Sterling Shares (Accumulation) ¹			
Net asset value (£)	68,325,712	288,468,970	298,690,978
Net asset value per share (£)	118.67	108.52	100.64
Class E2 Sterling Shares (Accumulation) ¹			
Net asset value (£)	70,186	51,670	288,927
Net asset value per share (£)	111.96	103.34	96.79

¹ Hedged share class

18. CHANGES TO THE PROSPECTUS

There were no updates to the prospectus recorded during the financial year.

19. TAXATION

The Fund is an Investment Undertaking as defined in Section 739B (1) of the Taxes Consolidation Act 1997, and therefore will not be subject to Irish tax on its income or gains other than gains arising on chargeable events. A chargeable event can include dividend payments to shareholders, appropriation, cancellation, redemption, repurchase or transfer of shares, or a deemed disposal of shares every 8 years beginning from the date of acquisition of those shares; certain exemptions can apply. To the extent that shareholders have appropriate tax declarations in place with the Fund there may be no requirement to deduct tax.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the financial year ended 31 December 2020

20. EFFICIENT PORTFOLIO MANAGEMENT

The Fund may, for the purposes of efficient portfolio management, enter into derivative contracts. Derivative contracts open at 31 December 2020 were bond options, equity index options, contracts for difference, forward currency contracts, interest rate swaps, warrants, bond futures and commodity futures and are disclosed in the schedule of investments and Note 3. Forward currency contracts were held for the purposes of hedging currency fluctuations between the currency of denomination of the non-base share classes and the base currency. The Fund did not engage in stock lending or transactions using repos during the financial period.

21. SUBSEQUENT EVENTS

CQS (UK) LLP replaced Ferox Capital LLP as Investment Manager effective the 6 April 2021.

Apart from the ongoing situation with COVID-19 pandemic, there have been no significant events since the financial year end that impact the Fund and require disclosure in the financial statements.

Subsequent to financial year end, there have been subscriptions and redemptions of US\$67,560,961 and US\$64,955,828 on the Fund.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 19 April 2021.

APPENDIX 1
SCHEDULE OF INVESTMENTS
31 December 2020

Investments are disclosed by their country of incorporation which may not necessarily be their country of risk.

	Quantity	Fair Value US\$	Net Assets %
ASSETS			
EQUITIES			
INDONESIA			
BERLIAN LAJU TANKER*	19,178,743	-	0.00%
TOTAL INDONESIA (2019: 0.00%)		<u>-</u>	<u>0.00%</u>
JAPAN (2019: 0.46%)			
TOTAL EQUITIES (2019: 0.46%)		<u>-</u>	<u>0.00%</u>
MUTUAL FUNDS			
IRELAND			
CHINOOK GLOBAL CONVERTIBLE BOND FUND	57,546	9,623,161	2.62%
TOTAL IRELAND (2019: 1.07%)		<u>9,623,161</u>	<u>2.62%</u>
TOTAL MUTUAL FUNDS (2019: 1.07%)		<u>9,623,161</u>	<u>2.62%</u>
CONVERTIBLE BONDS			
AUSTRALIA			
FLIGHT CENTRE LTD 2.50% 17/11/2027	1,200,000	1,031,433	0.28%
TOTAL AUSTRALIA (2019: 1.46%)		<u>1,031,433</u>	<u>0.28%</u>
BRITISH VIRGIN ISLANDS			
CP FOODS HOLDINGS LTD 0.50% 22/09/2021	1,000,000	1,049,840	0.29%
TOTAL BRITISH VIRGIN ISLANDS (2019: 0.00%)		<u>1,049,840</u>	<u>0.29%</u>
CHINA (2019: 1.95%)			
FRANCE			
ACCOR SA 0.70% 07/12/2027	1,000,000	639,722	0.18%
ORANGE SA 0.375% 27/06/2021	7,300,000	9,944,503	2.71%
TOTAL SA 0.50% 02/12/2022	6,000,000	6,140,580	1.67%
TOTAL FRANCE (2019: 1.19%)		<u>16,724,805</u>	<u>4.56%</u>

* Cost of Position; \$Nil

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)			
CONVERTIBLE BONDS (Continued)			
GERMANY			
ARCANDOR AG 8.875% 11/07/2013**	7,900,000	-	0.00%
BASF SE BASGR 0.925% 09/03/2023	7,250,000	7,302,417	1.99%
DELIVERY HERO AG 0.875% 15/07/2025	2,000,000	2,774,073	0.76%
DEUTSCHE LUFTHANSA AG 2% 17/11/2025	1,300,000	1,858,612	0.51%
DEUTSCHE WOHNEN AG 0.325% 26/07/2024	1,700,000	2,310,016	0.63%
DEUTSCHE WOHNEN SE 0.60% 05/01/2026	1,600,000	2,158,994	0.59%
MORPHOSYS AG 0.625% 16/10/2025	2,100,000	2,658,182	0.72%
TAG IMMOBILIEN AG TEGGR 0.625% 27/08/2026	3,300,000	4,195,257	1.14%
TOTAL GERMANY (2019: 5.65%)		<u>23,257,551</u>	<u>6.34%</u>
HONG KONG			
ESR CAYMAN LTD ESRCAV 1.5% 30/09/2025	1,500,000	1,673,520	0.46%
TOTAL HONG KONG (2019: 3.35%)		<u>1,673,520</u>	<u>0.46%</u>
INDIA			
SHREE ASHT CINE VISION SACV 2.875% 22/12/2012***	220,000	-	0.00%
TOTAL INDIA (2019: 0.00%)		<u>-</u>	<u>0.00%</u>
ITALY			
LAGFIN SCA 2% 02/07/2025	3,000,000	4,080,314	1.11%
TOTAL ITALY (2019: 0.00%)		<u>4,080,314</u>	<u>1.11%</u>
NETHERLANDS			
KPNQWEST NV 10% 15/03/2012****	1,000,000	-	0.00%
TOTAL NETHERLANDS (2019: 0.00%)		<u>-</u>	<u>0.00%</u>
SINGAPORE			
SINGAPORE AIRLINES LTD 1.625% 03/12/2025	5,500,000	4,532,536	1.24%
SUNTEC REIT SUNSP 1.75% 05/09/2021	5,000,000	3,761,901	1.02%
TOTAL SINGAPORE (2019: 1.23%)		<u>8,294,437</u>	<u>2.26%</u>
SOUTH AFRICA			
REMGRO JERSEY GBP LTD 2.625% 22/03/2021	6,700,000	9,130,530	2.49%
TOTAL SOUTH AFRICA (2019: 2.30%)		<u>9,130,530</u>	<u>2.49%</u>

**Cost of Position; \$27,702

***Cost of Position; \$127,666

****Cost of Position; €200

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)			
CONVERTIBLE BONDS (Continued)			
SPAIN			
CELLNEX TELECOM SA CLNXSM 0.75% 20/11/2031	6,000,000	7,082,676	1.93%
TOTAL SPAIN (2019: 0.00%)		<u>7,082,676</u>	<u>1.93%</u>
SWITZERLAND			
SWISS PRIME SITE AG 0.25% 16/06/2023	4,120,000	4,660,133	1.27%
SWISS PRIME SITE AG 0.325% 16/01/2025	3,400,000	3,857,072	1.05%
TOTAL SWITZERLAND (2019: 3.05%)		<u>8,517,205</u>	<u>2.32%</u>
UNITED KINGDOM			
BP CAPITAL MARKETS PLC 1% 28/04/2023	4,400,000	6,273,787	1.71%
IWG GROUP HOLDINGS 0.5% 09/12/2027	2,000,000	2,744,042	0.75%
J SAINSBURY PLC 2.875% 29/12/2049	8,200,000	11,375,719	3.10%
TOTAL UNITED KINGDOM (2019: 7.51%)		<u>20,393,548</u>	<u>5.56%</u>
UNITED STATES			
AKAMAI TECHNOLOGIES INC 0.375% 01/09/2027	2,800,000	3,122,588	0.85%
CHENIERE ENERGY INC LNG 4.25% 15/03/2045	1,050,000	833,333	0.23%
DEXCOM INC DXCM 0.25% 15/11/2025	2,000,000	2,018,460	0.55%
ENVESTNET INC ENV 0.75% 15/08/2025	2,000,000	2,088,920	0.57%
FORTIVE CORPORATION 0.875% 15/02/2022	1,700,000	1,748,144	0.48%
IONIS PHARMACEUTICALS IN IONS 1% 15/11/2021	1,300,000	1,416,935	0.39%
IQIYI INC IQ 4% 15/12/2026	1,300,000	1,291,225	0.35%
JPMORGAN CHASE FINANCIAL 0.25% 01/05/2023	5,000,000	5,374,300	1.47%
LIBERTY BROADBAND CORP LBRDA 1.25% 30/09/2050	4,000,000	4,055,640	1.11%
LIBERTY BROADBAND CORP LBRDA 2.75% 30/09/2050	1,400,000	1,479,982	0.40%
NUVASIVE INC 2.25% 15/03/2021	2,900,000	2,907,250	0.79%
PROOFPOINT INC PFPT 0.25% 15/08/2024	2,100,000	2,349,438	0.64%
PURE STORAGE INC PSTG 0.125% 15/04/2023	2,000,000	2,230,380	0.61%
SPLUNK INC 1.125% 15/06/2027	2,300,000	2,401,913	0.65%
SUNEDISON INC 2.75% 01/01/2021	1,800,000	18,000	0.00%
TRANSOCEAN INC RIG 0.5% 30/01/2023	800,000	400,376	0.11%
TWITTER INC 0.25% 15/06/2024	1,300,000	1,577,849	0.43%
TOTAL UNITED STATES (2019: 11.89%)		<u>35,314,733</u>	<u>9.63%</u>
VIETNAM			
VINPEARL JSC 3.50% 14/06/2023	1,800,000	2,055,042	0.56%
TOTAL VIETNAM (2019: 0.98%)		<u>2,055,042</u>	<u>0.56%</u>
TOTAL CONVERTIBLE BONDS (2019: 40.56%)		<u>138,605,634</u>	<u>37.79%</u>

SALAR FUND PLC

**APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020**

	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)			
ZERO COUPON CONVERTIBLE BONDS			
BELGIUM			
UMICORE SA 0% 23/06/2025	3,000,000	3,702,891	1.01%
TOTAL BELGIUM (2019: 0.65%)		<u>3,702,891</u>	<u>1.01%</u>
BRITISH VIRGIN ISLANDS			
BEST PATH GLOBAL 0% 18/05/2021	37,000,000	6,362,919	1.74%
BRITISH VIRGIN ISLANDS (2019: 0.00%)		<u>6,362,919</u>	<u>1.74%</u>
CHINA			
CHINA MILK PRODUCTS GRP 0% 05/01/2012*****	3,000,000	-	0.00%
PINDUODUO INC PDD 0% 01/12/2025	2,000,000	2,474,700	0.68%
SHANGHAI PORT GROUP BVI 0% 09/08/2021	7,400,000	7,571,976	2.06%
XIAOMI BEST TIME INTL 0% 17/12/2027	500,000	629,885	0.17%
TOTAL CHINA (2019: 4.48%)		<u>10,676,561</u>	<u>2.91%</u>
FRANCE			
AIRBUS GROUP SE 0% 14/06/2021	9,000,000	11,000,850	3.00%
CARREFOUR SA 0% 27/03/2024	4,000,000	3,912,520	1.07%
CIE GENERALE DES ESTABLI MLFP 0% 01/10/22	2,000,000	1,996,860	0.54%
SAFRAN SA 0% 21/06/2023	3,000,000	5,534,331	1.51%
SCHNEIDER ELECTRIC SE 0% 15/06/2026	4,000,000	9,361,807	2.55%
VEOLIA ENVIRONNEMENT SA 0% 01/01/2025	8,500,000	3,201,128	0.87%
TOTAL FRANCE (2019: 6.82%)		<u>35,007,496</u>	<u>9.54%</u>
GERMANY			
OLIVER CAPITAL SARL 0% 29/12/2023	4,000,000	5,004,817	1.37%
RAG-STIFTUNG 0% 16/03/2023	1,300,000	1,615,218	0.44%
RAG-STIFTUNG 0% 17/06/2026	2,000,000	2,763,070	0.75%
SELENA SARL ARMISG 0% 25/06/2025	2,000,000	2,885,345	0.79%
TOTAL GERMANY (2019: 4.29%)		<u>12,268,450</u>	<u>3.35%</u>
HONG KONG			
CHINA CONCH VENTURE 0% 05/09/2023	27,000,000	4,029,298	1.10%
CITIGROUP GLOBAL MARKET FUND LC 0% 25/07/2024	30,000,000	4,404,684	1.20%
CRRC CORP LTD 0% 05/02/2021	6,000,000	5,981,760	1.63%
SINO BIOPHARMACEUTICAL 0% 17/02/2025	2,000,000	2,381,235	0.65%
TOTAL HONG KONG (2019: 3.32%)		<u>16,796,977</u>	<u>4.58%</u>

*****Cost of Position; \$130,400

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)			
ZERO COUPON CONVERTIBLE BONDS (Continued)			
ISRAEL			
NICE LTD NICEIT 0% 09/15/25	2,400,000	2,714,304	0.74%
WIX LTD WIX 0% 08/15/25	2,600,000	2,605,434	0.71%
TOTAL ISRAEL (2019: 0.00%)		<u>5,319,738</u>	<u>1.45%</u>
ITALY			
PRYSMIAN SPA PRYIM 0% 17/01/2022	2,000,000	2,498,717	0.68%
SNAM SPA SRGIM 0% 20/03/2022	6,500,000	8,386,870	2.29%
TOTAL ITALY (2019: 1.80%)		<u>10,885,587</u>	<u>2.97%</u>
JAPAN			
CHUGOKU ELECTRIC POWER 0% 25/01/2022	100,000,000	977,812	0.27%
JAPAN AIRLINES CORP 0% 25/03/2011*****	370,000,000	-	0.00%
KEIHAN HOLDINGS CO LTD 0% 30/03/2021	300,000,000	2,919,410	0.80%
KURAYA SANSEIDO 0% 07/10/2022	260,000,000	2,611,553	0.71%
RELO GROUP INC 0% 22/03/2021	100,000,000	967,289	0.26%
SUZUKI MOTOR CORPORATION 0% 31/03/2023	630,000,000	7,459,310	2.03%
TOTAL JAPAN (2019: 6.78%)		<u>14,935,374</u>	<u>4.07%</u>
MALAYSIA			
CERAH CAPITAL LTD KNBZMK 0% 08/08/2024	4,600,000	4,585,418	1.25%
TOTAL MALAYSIA (2019: 1.28%)		<u>4,585,418</u>	<u>1.25%</u>
NETHERLANDS (2019: 3.10%)			
NEW ZEALAND			
XERO INVESTMENTS LTD 0% 12/02/25	1,200,000	1,298,268	0.35%
TOTAL NEW ZEALAND (2019: 0.00%)		<u>1,298,268</u>	<u>0.35%</u>
SINGAPORE			
ADM AG HOLDING LTD 0% 08/26/23	3,000,000	3,308,700	0.90%
TOTAL SINGAPORE (2019: 0.00%)		<u>3,308,700</u>	<u>0.90%</u>
SOUTH KOREA			
KAKAO CORP DAUM 0% 04/28/23	1,000,000	1,139,310	0.31%
TOTAL SOUTH KOREA (2019: 0.00%)		<u>1,139,310</u>	<u>0.31%</u>

*****Cost of Position; \$Nil

SALAR FUND PLC

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)			
ZERO COUPON CONVERTIBLE BONDS (Continued)			
SWEDEN			
GEELY SWEDEN FINANCE AB 0% 19/06/2024	4,000,000	5,877,829	1.60%
TOTAL SWEDEN (2019: 0.00%)		<u>5,877,829</u>	<u>1.60%</u>
SWITZERLAND			
CEMBRA MONEY BANK AG 0% 09/07/2026	5,400,000	6,332,250	1.72%
ELIOTT CAPITAL SARL ELICAP 0% 30/12/2022	8,400,000	10,367,685	2.83%
TOTAL SWITZERLAND (2019: 3.92%)		<u>16,699,935</u>	<u>4.55%</u>
TAIWAN			
INNOLUX CORP CHINNO 0% 22/01/2025	600,000	839,832	0.23%
YA HSIN INDUSTRIAL CO 0% 05/01/2009*****	4,125,000	-	0.00%
TOTAL TAIWAN (2019: 0.87%)		<u>839,832</u>	<u>0.23%</u>
UNITED KINGDOM			
BARCLAYS BANK PLC 0% 18/02/2025	3,100,000	3,431,855	0.94%
GLENCORE FUNDING LLC 0% 27/03/2025	2,400,000	2,236,608	0.61%
TOTAL UNITED KINGDOM (2019: 3.22%)		<u>5,668,463</u>	<u>1.55%</u>
UNITED STATES			
CYBERARK SOFTWARE LTD 0% 15/11/2024	2,000,000	2,430,620	0.66%
JP MORGAN CHASE BANK 0% 24/05/2022	1,600,000	2,277,390	0.62%
JP MORGAN CHASE BANK 0% 18/09/2022	1,600,000	2,422,311	0.66%
JP MORGAN CHASE BANK NA 0% 28/12/2023	7,000,000	7,543,970	2.06%
MORGAN STANLEY FIN LLC 0% 17/12/2021	5,600,000	6,853,873	1.87%
SQUARE INC 0% 01/05/2026	1,500,000	1,676,805	0.46%
UBER TECHNOLOGIES INC 0% 15/12/2025	1,400,000	1,446,956	0.39%
ZYNGA INC 0% 15/12/2026	1,500,000	1,573,725	0.43%
TOTAL UNITED STATES (2019: 6.82%)		<u>26,225,650</u>	<u>7.15%</u>
TOTAL ZERO COUPON CONVERTIBLE BONDS (2019: 47.35%)		<u>181,599,398</u>	<u>49.51%</u>

*****Cost of Position; \$825

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Counterparty	Strike Price	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)					
BOND OPTIONS					
CHINA (2019: 0.47%)					
JAPAN					
ANA 0% 2022	Mizuho	20.00	1,000,000,000	24,201	0.01%
ANA 0% 2022	Mizuho	35.00	170,000,000	4,114	0.00%
ANA 0% 2022	Nomura	35.00	920,000,000	22,265	0.01%
ANA 0% 2022	Nomura	40.00	200,000,000	4,840	0.00%
ANA 0% 2022	Nomura	50.00	610,000,000	14,763	0.00%
ANA 0% 2024	Mizuho	40.00	850,000,000	164,569	0.05%
ANA 0% 2024	Mizuho	43.00	300,000,000	58,083	0.02%
ANA 0% 2024	Mizuho	50.00	100,000,000	19,361	0.01%
ANA 0% 2024	Nomura	60.00	650,000,000	125,847	0.03%
BUNKA SHUTTER 0% 2023	Nomura	55.00	600,000,000	464,480	0.13%
CHUGOKU 2022	Mizuho	30.00	500,000,000	69,792	0.02%
COSMO ENERGY 0% 2022	Mizuho	110.00	1,000,000,000	-	0.00%
EDION 0% 2025	Mizuho	80.00	450,000,000	407,893	0.11%
HIS 0% 2024	Mizuho	50.00	600,000,000	-	0.00%
HOSIDEN 0% 2024	Nomura	70.00	200,000,000	-	0.00%
JAPAIR 0% 04/03/2022	Mizuho	0.65	250,000,000	82,553	0.02%
JAPAN AIRPORT TERMINAL 0% 2022	Mizuho	30.00	800,000,000	264,170	0.07%
JAPAN AIRPORT TERMINAL 0% 2022	Mizuho	40.00	500,000,000	165,107	0.05%
JAPAN AIRPORT TERMINAL 0% 2022	Mizuho	45.00	850,000,000	280,681	0.08%
KANDENKO 0% 2021	Nomura	70.00	500,000,000	2,333	0.00%
KANSAI 0% 2022	Credit Suisse	50.00	630,000,000	807,092	0.22%
KEIHAN 0% 2021	Mizuho	40.00	300,000,000	27,662	0.01%
KEIHAN 0% 2021	Nomura	40.00	400,000,000	36,883	0.01%
KEIHAN 0% 2021	Nomura	50.00	400,000,000	37,786	0.01%
KYOMAI 0% 31/03/2021	Nomura	0.80	450,000,000	-	0.00%
KYORITSU MAINTENANCE 0% 2021	Mizuho	50.00	350,000,000	-	0.00%
KYUSHU 0% 2022	Daiwa	55.00	1,000,000,000	-	0.00%
KYUSHU 0% 2022	Mizuho	40.00	500,000,000	-	0.00%
KYUSHU 0% 2022	Nomura	65.00	800,000,000	-	0.00%
LIXIL 0% 2022	Daiwa	40.00	500,000,000	10,987	0.00%
LIXIL 0% 2022	Mizuho	40.00	800,000,000	17,580	0.00%
LIXIL 0% 2022	Nomura	45.00	1,710,000,000	37,577	0.01%
LIXIL 0% 2022	Nomura	80.00	60,000,000	1,319	0.00%
MARUWA 0% 2025	Mizuho	90.00	350,000,000	396,449	0.11%

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Counterparty	Strike Price	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)					
BOND OPTIONS (Continued)					
JAPAN (Continued)					
MITSUBISHI CHEMICAL 0% 2022	Mizuho	35.00	200,000,000	-	0.00%
MITSUBISHI CHEMICAL 0% 2022	Mizuho	40.00	900,000,000	-	0.00%
MITSUBISHI CHEMICAL 0% 2022	Nomura	35.00	500,000,000	-	0.00%
MITSUBISHI CHEMICAL 0% 2022	Nomura	40.00	1,110,000,000	-	0.00%
MITSUBISHI CHEMICAL 0% 2024	Mizuho	43.00	100,000,000	17,822	0.01%
MITSUBISHI CHEMICAL 0% 2024	Mizuho	45.00	260,000,000	46,337	0.01%
MITSUBISHI CHEMICAL 0% 2024	Nomura	45.00	100,000,000	17,822	0.00%
MITSUBISHI CHEMICAL 0% 2024	Daiwa	50.00	200,000,000	26,120	0.01%
MITSUBISHI CHEMICAL 0% 2024	JP Morgan	50.00	500,000,000	89,109	0.02%
MITSUBISHI CHEMICAL 0% 2024	Mizuho	50.00	450,000,000	80,198	0.02%
NAGOYA RAILROAD 0% 2024	Nomura	35.00	160,000,000	130,264	0.04%
NAGOYA RAILROAD 0% 2024	Mizuho	40.00	200,000,000	162,831	0.04%
NAGOYA RAILROAD 0% 2024	Nomura	40.00	640,000,000	521,058	0.14%
NICHICON 0% 2024	Nomura	48.00	500,000,000	456,602	0.12%
NIPPON FLOUR 0% 2025	Nomura	45.00	200,000,000	77,065	0.02%
OBARA 0% 2025	Nomura	90.00	300,000,000	1,170,119	0.32%
OSAKA SODA (DAISO) 0% 2022	Mizuho	50.00	250,000,000	65,063	0.02%
OSAKA SODA (DAISO) 0% 2022	Nomura	60.00	500,000,000	130,126	0.04%
PARK24 0% 2025	Nomura	40.00	700,000,000	169,410	0.05%
RESORTTRUST 0% 2021	Mizuho	48.00	1,000,000,000	-	0.00%
RESORTTRUST 0% 2021	Mizuho	90.00	530,000,000	-	0.00%
RESORTTRUST 0% 2021	Nomura	55.00	230,000,000	-	0.00%
SANEI ARCHITECTURE 0% 2022	Nomura	110.00	1,550,000,000	277,560	0.08%
SANEI ARCHITECTURE 0% 2022	Nomura	120.00	300,000,000	53,721	0.01%
SBI 0% 2023	Daiwa	95.00	300,000,000	129,622	0.04%
SBI 0% 2023	Mizuho	70.00	800,000,000	345,657	0.09%
SCREEN 0% 2022	Nomura	50.00	1,050,000,000	40,018	0.01%

SALAR FUND PLC

**APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020**

	Counterparty	Strike Price	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)					
BOND OPTIONS (Continued)					
JAPAN (Continued)					
SCREEN 0% 2022	Nomura	65.00	700,000,000	26,679	0.01%
SENKO 0% 2022	Daiwa	65.00	300,000,000	404,927	0.11%
SENKO 0% 2022	Mizuho	52.00	300,000,000	397,356	0.11%
SHIZUOKA BANK FLOAT 2023	JP Morgan	100.00	10,000,000	-	0.00%
SODICK 0% 2021	Nomura	55.00	500,000,000	47,536	0.01%
SODICK 0% 2021	Nomura	50.00	240,000,000	14,927	0.00%
STAR MICRONICS 0% 2021	Mizuho	70.00	400,000,000	269,084	0.07%
STAR MICRONICS 0% 2021	Nomura	60.00	200,000,000	134,542	0.04%
STAR MICRONICS 0% 2021	Nomura	70.00	560,000,000	381,441	0.10%
STAR MICRONICS 0% 2021	Nomura	70.00	300,000,000	201,813	0.06%
STAR MICRONICS 0% 2021	Nomura	75.00	90,000,000	60,544	0.02%
SUMITOMO METAL 0% 2023	Nomura	40.00	300,000,000	62,152	0.02%
TAKASHIMAYA 0% 2028	Nomura	50.00	500,000,000	-	0.00%
TEIJIN 0% 10/12/2021	Mizuho	45.00	250,000,000	263,357	0.07%
TEIJIN 0% 2021	Nomura	45.00	250,000,000	263,357	0.07%
TOA CORP 0% 2024	Mizuho	125.00	500,000,000	849,477	0.23%
TOHO HOLDINGS 0% 2023	Nomura	45.00	800,000,000	14,412	0.00%
TOHO HOLDINGS 0% 2023	Nomura	50.00	200,000,000	3,603	0.00%
TORAY 0% 2021	Nomura	30.00	860,000,000	31,603	0.01%
TORAY 0% 2021	Nomura	35.00	450,000,000	16,536	0.00%
ZENRIN 0% 2023	Nomura	90.00	750,000,000	54,453	0.01%
TOTAL JAPAN (2019: 3.09%)				11,052,710	3.01%
TAIWAN					
EVERGREEN MARINE 0% 2025	JP Morgan	275.00	500,000	645,793	0.18%
ZHEN DING TEWCHNOLOGY 0% 2025	JP Morgan	215.00	4,000,000	433,684	0.12%
TOTAL TAIWAN (2019: 0.00%)				1,079,477	0.30%
THAILAND (2019: 0.01%)					
TOTAL BOND OPTIONS (2019: 3.57%)					
EQUITY INDEX OPTION (2019: 0.31%)					
SWITZERLAND (2019: 0.08%)					
UNITED KINGDOM (2019: 0.23%)					

SALAR FUND PLC

**APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020**

	Counterparty	Quantity	Fair Value US\$	Net Assets %
ASSETS (Continued)				
CONTRACTS FOR DIFFERENCE				
CHINA (2019: 0.01%)				
GERMANY (2019: 0.00%)				
JAPAN				
JAPAN AIRPORT TERMINAL SCOT SWAP 31/12/2049	Scotiabank	(26,500)	119,959	0.03%
NAGOYA RAILROAD BNP SWAP 31/12/2049	BNP Paribas	(37,500)	54,453	0.02%
OBARA NOM SWAP 31/12/2049	Nomura	(89,000)	28,794	0.01%
SENKO GROUP NOMURA SWAP 31/12/2049	Nomura	(229,500)	37,769	0.01%
STAR MICRONICS BNP SWAP 31/12/2049	BNP Paribas	(157,000)	7,348	0.00%
SUZUKI MOTOR BNP SWAP 31/12/2049	BNP Paribas	(120,000)	558,761	0.15%
TOTAL JAPAN (2019: 0.11%)			<u>807,084</u>	<u>0.22%</u>
NETHERLANDS (2019: 0.05%)				
SWEDEN				
VOLVO BNP SWAP X EUR 31/12/2049	BNP Paribas	(117,000)	1,469	0.00%
TOTAL SWEDEN (2019: 0.00%)			<u>1,469</u>	<u>0.00%</u>
SWITZERLAND (2019: 0.00%)				
TAIWAN (2019: 0.00%)				
TOTAL CONTRACTS FOR DIFFERENCE (2019 : 0.17%)			<u>808,553</u>	<u>0.22%</u>
INTEREST RATE SWAPS				
JAPAN				
JPY INTEREST RATE SWAP 0.118% 09/06/2021	BNP Paribas	2,500,000,000	6,984	0.00%
TOTAL JAPAN (2019: 0.01%)			<u>6,984</u>	<u>0.00%</u>

SALAR FUND PLC

**APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020**

	Quantity	Fair Value US\$	Net Assets %	
ASSETS (Continued)				
INTEREST RATE SWAPS (Continued)				
UNITED KINGDOM (2019: 0.00%)				
UNITED STATES (2019: 0.02%)				
TOTAL INTEREST RATE SWAPS (2019: 0.03%)		6,984	0.00%	
WARRANTS				
CAYMAN ISLANDS				
ARLO XIV LTD 0% 24/09/2024	BNP Paribas	1,000,000,000	193,611	0.05%
ARLO XIV LTD 0% 22/08/2022	BNP Paribas	1,000,000,000	24,201	0.01%
TOTAL CAYMAN ISLANDS (2019: 0.00%)		217,812	0.06%	
JAPAN				
ANA 0% 17/08/2022		200,000,000	4,840	0.00%
ARATA CORP 0% 24/07/2023	BNP Paribas	400,000,000	136,101	0.04%
CHUGOKU ELECTRIC 0% 2022	BNP Paribas	500,000,000	75,523	0.02%
J LINK LTD JLINKL 0% 11/20/23	BNP Paribas	500,000,000	-	0.00%
NIPPON FLOUR 0% 20/06/2025	BNP Paribas	800,000,000	361,666	0.10%
RELO GROUP 0% 2021	BNP Paribas	600,000,000	17,350	0.00%
TAKUMI CAPITAL LTD 0% 02/13/23	BNP Paribas	500,000,000	91,709	0.03%
TAKUMI CAPITAL LTD 0% 03/25/21	BNP Paribas	800,000,000	-	0.00%
TAKUMI CAPITAL LTD 0% 04/30/21	BNP Paribas	700,000,000	-	0.00%
WESSEX LTD WSXLTD 0% 02/13/23	BNP Paribas	1,200,000,000	248,608	0.07%
WESSEX LTD WSXLTD 0% 03/24/21	BNP Paribas	260,000,000	16,171	0.00%
WESSEX LTD WSXLTD 0% 05/21/24	BNP Paribas	300,000,000	765,607	0.21%
WESSEX LTD WSXLTD 0% 10/17/24	BNP Paribas	700,000,000	-	0.00%
TOTAL JAPAN (2019: 0.74%)		1,717,575	0.47%	
TOTAL WARRANTS (2019: 0.74%)		1,935,387	0.53%	

SALAR FUND PLC

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %			
ASSETS (Continued)						
FUTURES CONTRACT						
BOND FUTURES						
GERMANY						
EURO-BOBL FUTURE MARCH 21 BNP Paribas	(50)	8,557	0.00%			
EURO-BUND FUTURE MARCH 21BNP Paribas	(25)	4,890	0.00%			
TOTAL GERMANY (2019: 0.01%) BNP Paribas		<u>13,447</u>	<u>0.00%</u>			
UNITED STATES (2019: 0.03%)						
TOTAL BOND FUTURES (2019: 0.04%)		<u>13,447</u>	<u>0.00%</u>			
INDEX FUTURES (2019: 0.02%)						
UNITED KINGDOM (2019: 0.02%)						
TOTAL FUTURES CONTRACT (2019: 0.06%)		<u>13,447</u>	<u>0.00%</u>			
FORWARD CURRENCY CONTRACTS						
Currency Bought	Amount Bought	Currency Sold	Amount Sold	Contract Date	Unrealised Gain US\$	Net Assets %
(Counterparty: BNP Paribas)						
EUR	12,700,000	HKD	116,736,622	25/01/2020	476,832	0.13%
EUR	18,500,000	JPY	2,279,018,700	25/01/2020	560,079	0.15%
EUR	4,100,000	SGD	6,579,762	25/01/2020	34,996	0.01%
EUR	3,200,000	SGD	5,106,592	25/01/2020	49,135	0.01%
GBP	11,000,000	CHF	13,284,216	25/01/2020	1,786	0.00%
GBP	3,300,000	JPY	461,837,970	25/01/2020	33,603	0.01%
GBP	25,000,000	USD	32,519,640	21/01/2020	1,612,649	0.44%
GBP	25,000,000	USD	33,180,643	23/02/2020	958,155	0.26%
GBP	5,000,000	USD	6,807,359	25/01/2020	19,276	0.01%
USD	520,000	HKD	4,030,910	25/01/2020	87	0.00%
TOTAL FORWARD CURRENCY CONTRACTS (2019: 2.78%)					<u>3,746,598</u>	<u>1.02%</u>
TOTAL ASSETS (2019: 97.10%)					<u>348,471,349</u>	<u>95.00%</u>

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Counterparty	Strike Price	Quantity	Fair Value US\$	Net Assets %
LIABILITIES					
BOND OPTIONS					
JAPAN (2019: (0.00)%)					
NIPRO 0% 2021	Mizuho	60.00	360,000,000	(289)	0.00%
NIPRO 0% 2021	Nomura	45.00	300,000,000	(241)	0.00%
TOTAL JAPAN (2019: (0.00)%)				<u>(530)</u>	<u>0.00%</u>
TOTAL BOND OPTIONS (2019: (0.00)%)				<u>(530)</u>	<u>0.00%</u>
CONTRACTS FOR DIFFERENCE					
HONG KONG					
COUNTRY GARDEN SERVICES 01/01/2040	BNP Paribas		(708,000)	(377,327)	(0.10)%
TOTAL HONG KONG (2019: (0.00)%)				<u>(377,327)</u>	<u>(0.10)%</u>
JAPAN					
TEIJIN SCOT SWAP 31/12/2049	Scotiabank		(80,000)	(6,255)	0.00%
TOA CORP BNP SWAP 31/12/2049	BNP Paribas		(94,000)	(36,898)	(0.01)%
YAKO CO LTD 20/06/2024	BNP Paribas		(27,300)	(55,498)	(0.02)%
TOTAL JAPAN (2019: (0.00)%)				<u>(98,651)</u>	<u>(0.03)%</u>
SWITZERLAND (2019: (0.01)%)					
TAIWAN (2019: (0.00)%)					
UNITED STATES (2019: (0.02)%)					
TOTAL CONTRACTS FOR DIFFERENCE (2019: (0.03)%)				<u>(475,978)</u>	<u>(0.13)%</u>
INTEREST RATE SWAPS					
EUROPE					
EUR INTEREST RATE SWAP 0.0160% 25/08/2023	BNP Paribas		10,000,000	(173,194)	(0.05)%
EUR INTEREST RATE SWAP 0.068% 22/09/2023	BNP Paribas		10,000,000	(195,538)	(0.05)%
EUR INTEREST RATE SWAP 0.072% 15/02/2021	BNP Paribas		30,000,000	(28,194)	(0.01)%
EUR INTEREST RATE SWAP 0.262% 27/03/2022	BNP Paribas		25,000,000	(300,447)	(0.08)%
EUR INTEREST RATE SWAP 0.275% 07/01/2021	BNP Paribas		25,000,000	(5,446)	0.00%

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

		Quantity	Fair Value US\$	Net Assets %
LIABILITIES (Continued)				
INTEREST RATE SWAPS (Continued)				
EUROPE (Continued)				
EUR INTEREST RATE				
SWAP 0.2970% 09/03/2023	BNP Paribas	10,000,000	(265,969)	(0.07)%
EUR INTEREST RATE				
SWAP 0.4340% 08/01/2026	BNP Paribas	7,500,000	(427,943)	(0.12)%
TOTAL EUROPE (2019: (0.18)%)			<u>(1,396,731)</u>	<u>(0.38)%</u>
SWITZERLAND (2019: (0.09)%)				
UNITED KINGDOM				
GBP INTEREST RATE				
SWAP 0.754% 28/01/2021	BNP Paribas	25,000,000	(19,101)	0.00%
GBP INTEREST RATE				
SWAP 1.1400% 19/05/2022	BNP Paribas	10,000,000	(217,217)	(0.06)%
GBP INTEREST RATE				
SWAP 1.1730% 13/02/2021	BNP Paribas	15,000,000	(28,353)	(0.01)%
GBP INTEREST RATE				
SWAP 1.3880% 11/01/2021	BNP Paribas	10,000,000	(5,610)	0.00%
TOTAL UNITED KINGDOM (2019: (0.03)%)			<u>(270,281)</u>	<u>(0.07)%</u>
UNITED STATES				
USD INTEREST RATE				
SWAP 1.298% 22/09/2022	BNP Paribas	20,000,000	(380,261)	(0.10)%
USD INTEREST RATE				
SWAP 1.760% 23/06/2021	BNP Paribas	25,000,000	(177,050)	(0.05)%
USD INTEREST RATE				
SWAP 2.484% 08/01/2023	BNP Paribas	35,000,000	(1,615,897)	(0.44)%
USD INTEREST RATE				
SWAP 3.143% 15/11/2023	BNP Paribas	20,000,000	(1,666,272)	(0.46)%
TOTAL UNITED STATES (2019: (0.22)%)			<u>(3,839,480)</u>	<u>(1.05)%</u>
TOTAL INTEREST RATE SWAPS (2019: (0.52)%)			<u>(5,506,492)</u>	<u>(1.50)%</u>

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

	Quantity	Fair Value US\$	Net Assets %
LIABILITIES (Continued)			
FUTURES CONTRACT			
BOND FUTURES			
UNITED STATES			
US 10YR NOTE (CBT) MARCH 21 BNP Paribas	(10)	(1,562)	0.00%
US 5YR NOTE (CBT) MARCH 21 BNP Paribas	(75)	(21,680)	(0.01)%
TOTAL UNITED STATES (2019: (0.00)%)		<u>(23,242)</u>	<u>(0.01)%</u>
TOTAL BOND FUTURES (2019: (0.00)%)		<u>(23,242)</u>	<u>(0.01)%</u>
INDEX FUTURE (2019: 0.00%)			
SWITZERLAND (2019: 0.00%)			
TOTAL FUTURES CONTRACT (2019: (0.00)%)		<u>(23,242)</u>	<u>(0.01)%</u>

APPENDIX 1
SCHEDULE OF INVESTMENTS (Continued)
31 December 2020

LIABILITIES (Continued)**FORWARD CURRENCY CONTRACTS**

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Contract Date	Unrealised Loss US\$	Net Assets %
(Counterparty: BNP Paribas)						
EUR	800,000	AUD	1,303,179	25/01/2020	(24,397)	(0.01)%
EUR	185,000	SGD	300,553	25/01/2020	(1,192)	0.00%
JPY	504,255,600	EUR	4,000,000	25/01/2020	(9,794)	0.00%
USD	10,947,389	EUR	9,000,000	25/01/2020	(60,737)	(0.02)%
USD	5,000,000	TWD	137,200,000	26/09/2020	(252,259)	(0.07)%
TOTAL FORWARD CURRENCY CONTRACTS (2019: (0.44) %)					(348,379)	(0.10)%
TOTAL LIABILITIES (2019: (0.99)%)					(6,354,621)	(1.74)%
NET FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (2019: 96.11%)					342,116,728	93.26%

**% of total
gross
assets**

ANALYSIS OF TOTAL GROSS ASSETS

Transferable securities and money market instruments admitted to an official stock exchange listed or traded in a regulated market	79.92%
Exchange traded financial derivatives	3.61%
Over-the-counter financial derivatives	0.91%
Other current assets	15.56%
TOTAL (2019: 100.00%)	100.00%

APPENDIX 2 (UNAUDITED)
STATEMENT OF SIGNIFICANT PORTFOLIO MOVEMENTS
31 December 2020

The Central Bank UCITS Regulations requires all material changes that have occurred in the disposition of the assets of the UCITS to be documented in the annual report. A material change is defined as the aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the financial year or aggregate disposals greater than 1 per cent of the total value of sales for the financial year. At a minimum, the largest 20 purchases and sales must be given, or all purchases and sales if less than 20. A full listing of the portfolio changes for the financial year is available, upon request, at no extra cost from the Administrator.

Purchases	Ccy	Cost US\$
CELLNEX TELECOM SA 0.75% 20/11/2031	EUR	22,455,090
JP MORGAN CHASE BANK NA 0% 30/12/2020	USD	20,125,472
JP MORGAN CHASE BANK NA 0.125% 01/01/2023	USD	16,898,600
CHUGOKU ELECTRIC POWER CO	JPY	16,162,908
IWATANI CORP 0% 22/10/2020	JPY	15,096,613
SINO BIOPHARMACEUTICAL 0% 17/02/2025	EUR	14,014,162
ELECTRICITE DE FRANCE SA 0% 14/09/2024	EUR	12,503,996
BP CAPITAL MARKETS PLC 1% 28/04/2023	GBP	12,229,437
LINE CORP 0% 20/09/2023	JPY	12,197,772
SCHNEIDER ELECTRIC SE 0% 15/06/2026	EUR	11,637,850
BARCLAYS BANK PLC 0% 04/02/2025	USD	11,440,000
TREASURY CERTIFICATES 0% 09/07/2020	EUR	11,231,685
AMERICA MOVIL SAB DE CV 0% 28/05/2020	EUR	11,006,931
ANLLIAN CAPITAL LTD 0% 05/02/2025	EUR	10,616,243
ORANGE SA 0.375% 27/06/2021	GBP	9,729,787
DELIVERY HERO AG 0.25% 23/01/2024	EUR	9,053,200
STMICROELECTRONICS NV 0% 03/07/2022	USD	8,902,700
SUZUKI MOTOR CORPORATION 0% 31/03/2023	JPY	8,572,053
IWATANI CORP	JPY	8,415,280
DAIO PAPER CORP 0% 17/09/2020	JPY	8,259,711
SOUTHWEST AIRLINES CO LUV 1.25% 01/05/2025	USD	8,146,125

Financial derivative instruments are excluded from the above due to no cost being attributed to purchases and sales of such instruments.

APPENDIX 2 (UNAUDITED)
STATEMENT OF SIGNIFICANT PORTFOLIO MOVEMENTS (Continued)
31 December 2020

Sales	Ccy	Proceeds US\$
AMERICA MOVIL SAB DE CV 0% 28/05/2020	EUR	38,439,135
CHUGOKU ELECTRIC POWER 0% 24/01/2020	JPY	31,047,393
MORGAN STANLEY FIN LLC 0% 17/12/2021	EUR	24,074,829
CHINA OVRES FIN KY 5 0% 05/01/2023	USD	23,869,560
JP MORGAN CHASE BANK NA 0% 30/12/2020	USD	22,116,400
NATIONAL GRID NA INC 0.90% 02/11/2020	GBP	20,053,192
BRITISH LAND CO 0% 09/06/2020	GBP	19,058,371
BASF SE BASGR 0.925% 09/03/2023	USD	18,690,038
JP MORGAN CHASE BANK NA 0.125% 01/01/2023	USD	17,363,715
CHUGOKU ELECTRIC POWER CO	JPY	16,001,141
SIKA AG 0.15% 05/06/2025	CHF	15,639,346
IWATANI CORP 0% 22/10/2020	JPY	15,472,947
CELLNEX TELECOM SA 0.75% 20/11/2031	EUR	15,110,930
ELECTRICITE DE FRANCE SA 0% 14/09/2024	EUR	14,840,504
STMICROELECTRONICS NV 0% 03/07/2022	USD	14,270,750
RAG-STIFTUNG 0% 02/10/2024	EUR	14,221,093
LINK 2019 CB LTD 1.6% 03/04/2024	HKD	13,154,559
JP MORGAN CHASE BANK NA 0% 07/08/2022	USD	13,035,825
DERWENT LONDON CAPITAL 1.50% 12/06/2025	GBP	12,869,887
RAG-STIFTUNG 0% 16/03/2023	EUR	12,841,572

Financial derivative instruments are excluded from the above due to no cost being attributed to purchases and sales of such instruments

**APPENDIX 3 (UNAUDITED)
UCITS V REMUNERATION DISCLOSURE
31 December 2020**

The Fund is a self-managed investment company and has adopted a formal remuneration policy in accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2019 (the "Regulations"). The Fund has made an assessment of the nature, scale and complexity of its business in accordance with the Regulations and determined the Fund is relatively low risk when compared to other fund structures. The only identified staff are the members of the Board of Directors. The remuneration of the Board is set at a fixed amount and is detailed in Note 5 to these Financial Statements. The Fund does not offer performance related remuneration to its identified staff. The remuneration policy is reviewed once per annum. The Fund delegates investment management functions to Ferox Capital LLP. The Fund confirms it has in place appropriate contractual arrangements to ensure that the remuneration arrangements are equally effective as the remuneration requirements in the Regulations and ESMA Guidelines on Sound Remuneration policies under the UCITS Directive issued on 14 October 2016.

**APPENDIX 4 (UNAUDITED)
SECURITIES FINANCING TRANSACTION REGULATION DISCLOSURE
31 December 2020**

The Securities Financing Transaction Regulation came into effect on 12 January 2016. The purpose of the SFTR is to enhance transparency around the use of Securities Financing Transactions (SFTs) and Total Return Swaps (TRSs). It is the Board of Directors and Management's view that the Fund does not hold any instruments subject to the SFTR. The Fund does hold Contracts for Difference (CFDs). Whether CFDs are included in the definition of TRS is uncertain and clarification has been sought from ESMA on this matter. It is the Fund's current understanding that CFDs will not be in scope for the SFTR and as such are excluded from this unaudited note to the financial statements.