ANNUAL REPORT

# VANTAGE

## GLOBAL INVESTMENT FUND

**31 December 2020**

# Annual report as of December 31, 2020

**Contents**



**The Portfolio Movements can be obtained from the registered office of the Fund or from the Administrator.**

# Executives and Other Information



**Directors**
Andrew B. Veglio di Castelletto
Christopher D. Corrigan
Ian Lambert

**Investment Manager**
Vantage Investment Management Limited
2nd Floor, Block B, Ruisseau Créole
Black River
Mauritius

**Independent Auditors of the Fund**
BDO
P.O. Box 31118
2nd Floor – Building 3
Governors Square
23 Lime Tree Bay Avenue
Grand Cayman KY1-1205
Cayman Islands

**Investment Advisor**
Vantage Investment Advisory Limited
53, Davies Street
London W1K 5JH
United Kingdom

**Legal Counsel**
Walkers
Walker House
George Town
Grand Cayman KY1-9001
Cayman Islands

**Custodians and Prime Brokers**
UBS AG (London)
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

UBS AG (Zurich)
Bahnhofstrasse 45
8001 Zürich
Switzerland

**Administrator and Banker**
MUFG Alternative Fund Services
(Cayman) Limited
P.O. Box 852
227 Elgin Avenue
George Town
Grand Cayman, KY1-1103
Cayman Islands

**Registered Office**
MUFG Alternative Fund Services
(Cayman) Limited
P.O. Box 852
227 Elgin Avenue
George Town
Grand Cayman KY1-1103
Cayman Islands

## DIRECTOR'S REPORT

Your Fund's Net Asset Value declined 7.5% over the year, under performing its Investment Benchmark which rose 10.9% over the period and the 16.5% gain in the world's equity markets as represented by the MSCI World Index (MSWI), all measured in US dollars. The Risk Free Rate gained 3.7% over the year as the US dollar weakened against most other major currencies. Your Fund's marked underperformance versus the MSWI was due to the actions it took in March 2020 in an attempt to protect from further falls in equity markets occasioned by the severe economic distress caused by the widening global pandemic. In the event, central bank action led by the US Federal Reserve arrested the declines in equity markets and fuelled sharp recovery rallies, despite multigenerational falls in economic activity. Your Fund's exposure to undervalued US retail stocks lead to a sharp decline in its net asset value in the first quarter of 2020, and its exit from some of these stocks after small rebounds cost it dearly, as these companies lead the equity market recovery, with most rallying to significant new highs. Over the final quarter of 2020 your Fund's 12.3% gain exceeded the 8.2% gain of its Investment Benchmark, and almost matched the 14.1% rise of the MSWI, despite its low net equity exposure, averaging under 40%. Subsequent to year-end your Fund appreciated 3% to end January versus an unchanged MSWI World Index.

With the closure of the Vantage World Equity Fund completed, your Fund is now our sole focus. My personal interests have added considerably to your Fund over the final quarter of 2020, such that they constitute considerably more than half of the Fund's assets under management. Clearly the management of your Fund's assets over the past several years has been poor, and naturally a cause of much introspection and analysis. Your Fund's underperformance since 2012 is principally a function of misplaced caution on the outlook for equity markets in general and the US equity market in particular in a low growth, zero interest rate economic environment. We were also too active in selling shares when their prices approached our initial targets, and not quick enough in selling shares where the outlook was deteriorating. Our focus on macro risks did not play to Vantage's strengths in corporate analysis and valuation. We are resolved to return Vantage to its roots – seeking good to outstanding companies and owning their shares for the long term. This focus will stand your Fund in good stead in these increasingly speculative and short term investment markets. We will in future accept the volatility that may ensue from maintaining significant net equity exposure, rather than seeking to mitigate weekly price declines by substantially hedging equity markets. That is one of the reasons your Fund has moved to monthly valuations, subscriptions and redemptions.

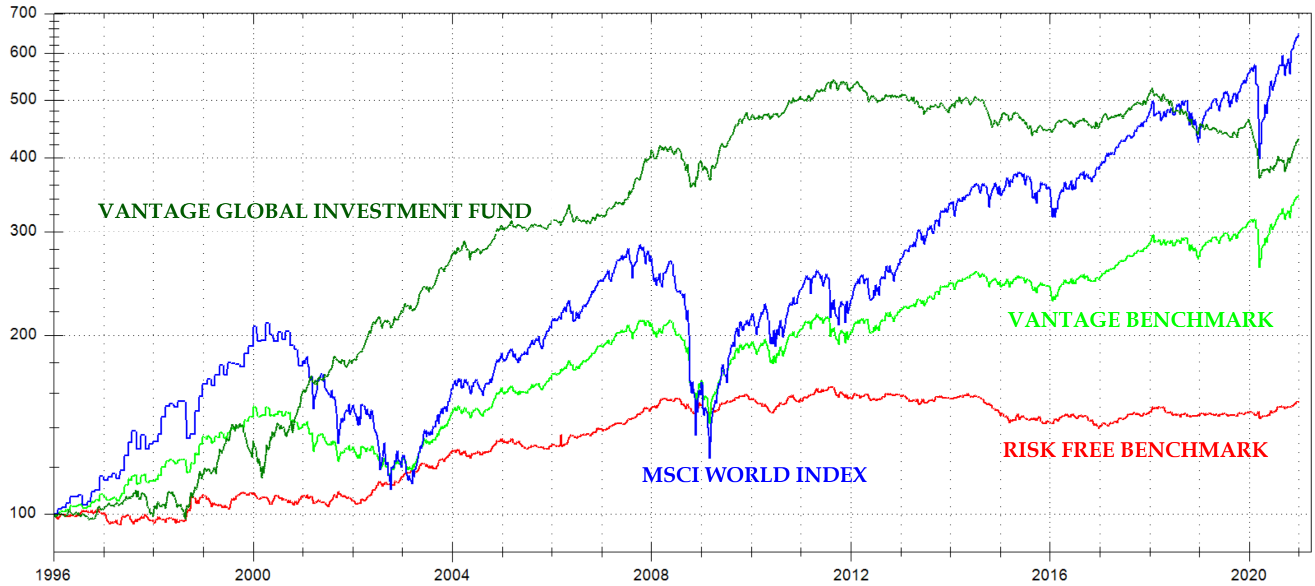
Inflation is the biggest risk facing investors over the period ahead. We are convinced that the unbridled increases in money supply over the past year, on top of the post GFC increases already in the banking system, will collide with supply shortages and supply chain constraints when economic growth returns, and push prices sharply higher. We expect inflation to move significantly above the 2% threshold that policy makers target as an economic lubricant. We would not be surprised if inflation reached double figures in the US in 2022, and exceeded that in developing countries. Higher inflation will force Central Banks off their zero interest rate and quantitative easing policies. The bull market in US bonds is probably already over, while the US equity market is experiencing a late stage speculative bubble. Real assets, be they fixed property, commodities, or the shares of companies that can maintain or grow their margins in periods of higher interest rates and higher input costs, are long term refuges for savers in inflationary times. We continue adding to your Fund's holdings of these assets, while seeking to avoid the speculative excesses of the US and other equity markets.

Your Fund ended the year with a 74% gross exposure to global equities, and a 45% net exposure. The US dollar exposure of 33% was underweight, as was the Euro exposure of 13%. The GBP and yen exposure of 8% were inline, while S.E. Asian currency exposures of 23% and gold of 13% were significant over weights. We are excited by the opportunities ahead.

Andrew Veglio 31 January 2021

The Performance of the Vantage Global Investment Fund and its Comparative Indices since 2001 is presented below:

VANTAGE GLOBAL AND BENCHMARKS IN US$




## PERFORMANCE OF VANTAGE GLOBAL AND COMPARATIVE INDICES TO 31 DEC 2020

| | % Returns In US$ | | | % Returns In Currency Benchmark (3) | | |
|---|---|---|---|---|---|---|
| **Returns over the Preceding:** | **Quarter (1)** | **Year to Date (2)** | **Since Incept. (9)** | **Quarter** | **Year to Date** | **Since Incept.** |
| **Vantage Global Investment Fund** | **12.3** | **(7.5)** | **328.1** | **9.6** | **(10.8)** | **335.0** |
| Fund's Benchmark (4) | 8.2 | 10.9 | 245.0 | 5.6 | 7.0 | 250.6 |
| MSWI (5) | 14.1 | 16.5 | 545.6 | 11.3 | 12.4 | 556.1 |
| Risk Free (6) | 2.4 | 3.7 | 54.7 | (0.0) | 0.1 | 57.2 |
| Value Added Risk Free (7) | 9.6 | (10.9) | 176.7 | 9.6 | (10.9) | 176.7 |
| Value Add. Inv. Benchmark (8) | 3.8 | (16.7) | 24.1 | 3.8 | (16.7) | 24.1 |

## Key to Performance Table

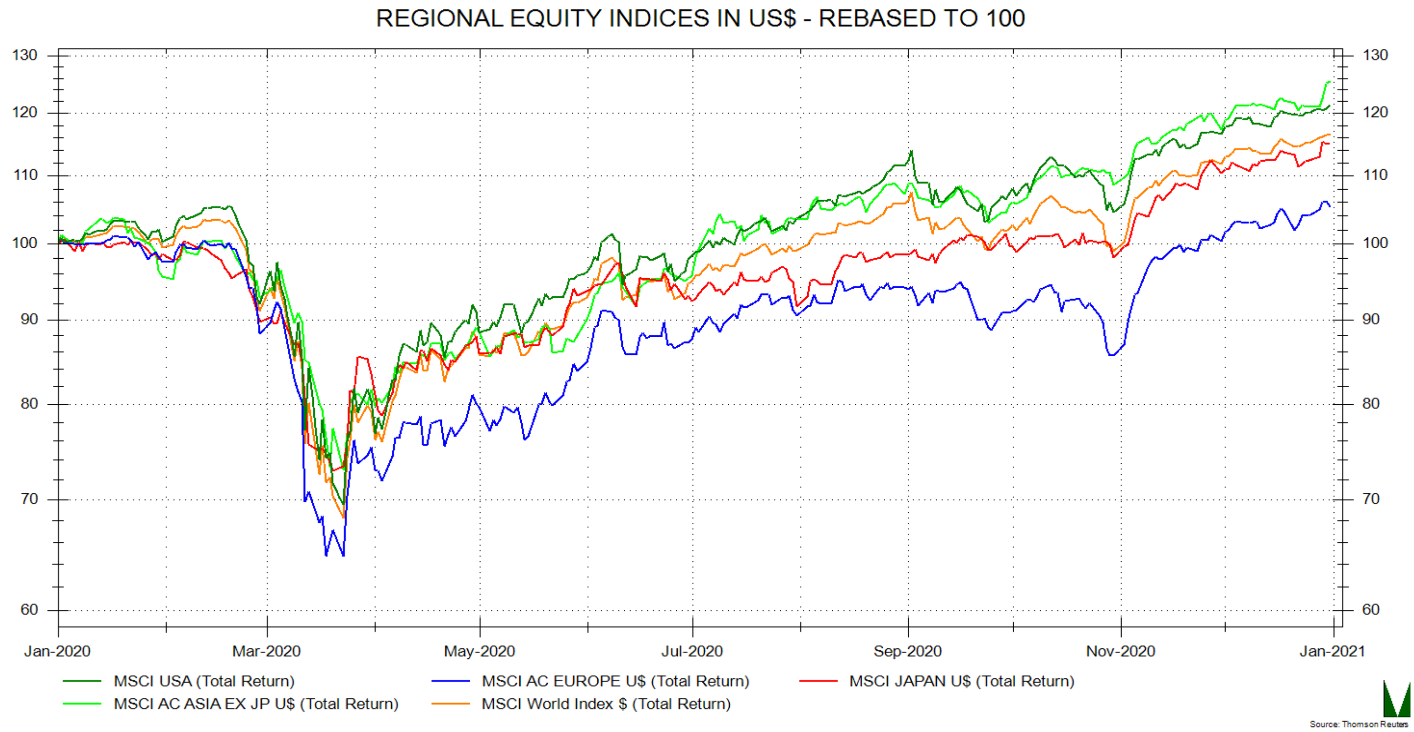
1. Quarterly returns are presented from the last trading NAV of the previous calendar quarter;
2. Current year returns are presented from the last NAV of the previous calendar year;
3. The Currency Benchmark is defined as 40% US dollar, 20% Euro, 10% Yen, 10% UK pound, 10% Singapore dollar, 5% Swiss franc, 2.5% Canada dollar, 2.5% Australia dollar as from 1st Jan 2011.
4. The Fund's Investment Benchmark is defined as the average of the returns of the MSWI and of Risk Free securities, i.e. 50% MSWI plus 50% Risk Free.
5. MSWI is defined as the MSCI World Index including income.
6. Risk Free is defined as the return generated from investing in 6 month Government Securities, in the weightings of the Currency Benchmark.
7. Value Added Risk Free is defined as the net return earned by the Fund over the period after deducting all expenses and Fees including the Manager's Performance Fee (the "Net Return"), and after deducting the return that would have been derived from investing all the Net Assets of the Fund in Risk Free securities.
8. Value Added Investment Benchmark is defined as the net return earned by the Fund after deducting the return that would have been derived from investing all the Net Assets of the Fund in the Fund's Investment Benchmark.
9. Inception of the Fund was on 1st January 1996.

## Equities and Economies

The table below shows the regional equity market returns over the year to 31st December 2020:

| Equity Market | Local Currency % Return | US dollar % Return | Weighting in World Index |
|---|---|---|---|
| **World Index** | **14.1** | **16.5** | **100%** |
| United States | 21.4 | 21.4 | 66% |
| Europe | (1.7) | 5.3 | 22% |
| Japan | 9.2 | 14.9 | 8% |
| Asia Pacific Ex Japan | 22.7 | 25.3 | 4% |

The chart below shows the evolution of the regional equity markets measured in US dollars over the year to 31st December 2020:

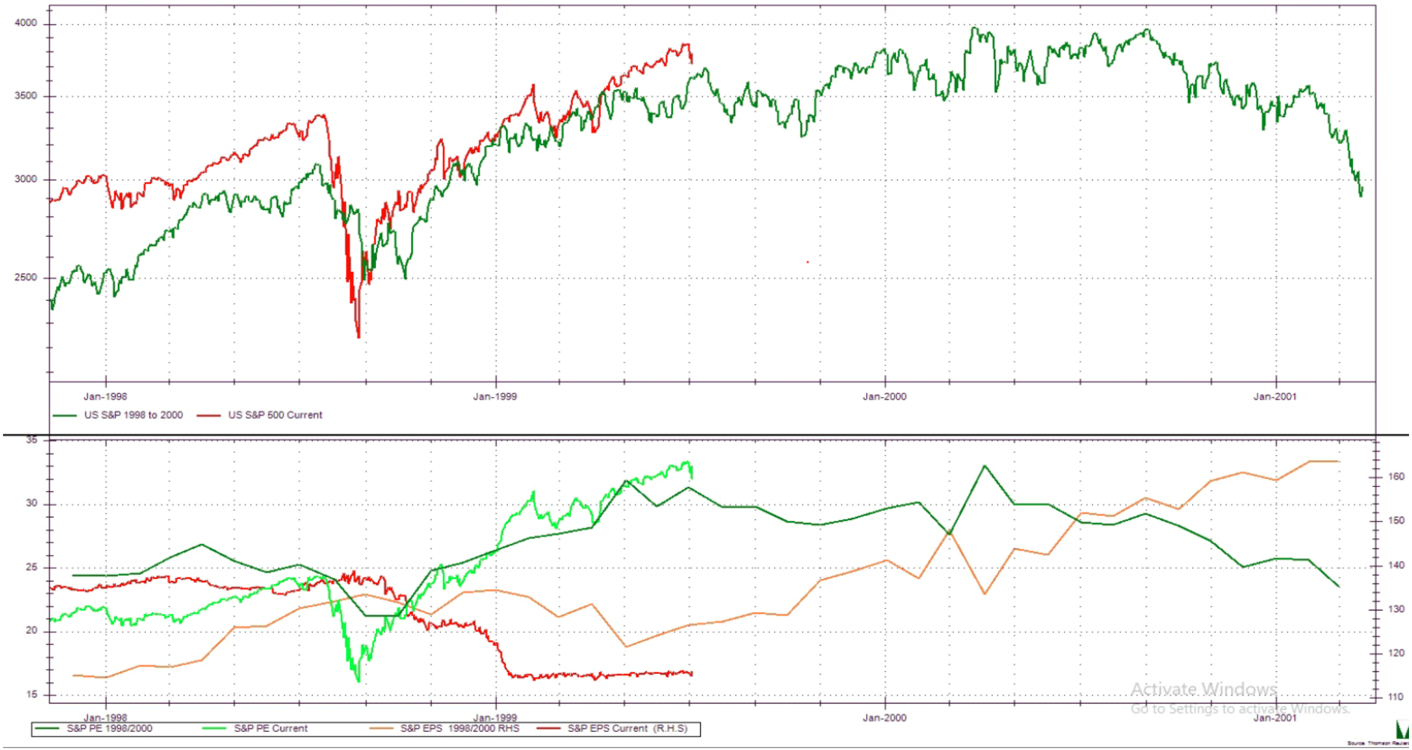



The world's equity markets fell precipitously in March, declining by approximately 25% to 35% since the start of the year. Subsequent to that they have embarked on an unprecedented rally, not only in extent, but also without a major correction. From its low reached on 23 March 2020, the US equity market gained 67% to end the year up 21%. Asia ex Japan had a very similar evolution. European equity markets were notable laggards, ending the year slightly down in local currencies, although up 5% in US dollars.

Your Fund lifted hedges near the bottom in March when the VIX spiked over 70, but put them all back on, and more, after the initial April rally. From the analysis of previous major recessions, we expected equity markets to at least make secondary lows near the late March lows. In the event Central Bank actions and government stimulus packages were enough to not only stabilise equity markets, but to encourage an increasingly speculative boom in equity prices. Your Fund also divested most of its shares in companies directly in the firing line of pandemic closures, such as US bricks & mortar retailers in early April. In the event these shares recovered strongest, with many tripling and some quintupling from their March lows. We focussed incorrectly on the short term outlook for profits and employment (which collapsed) while the market looked through this to the potential for increased sales once the government subsidised and hence cashed up consumers started shopping again.

We wrote in early 2019 that the US equity market was potentially tracing out a similar pattern to the run up to the 2000 dot com bubble, and repeat that template below. The chart below shows the price of the US S&P 500 Index currently (red) overlaid on the US S&P 500 index price 20 years ago rebased to today's index (green), and the earnings and PE's underlying the S&P 500 index then and now:

US S&P Index, PE and underlying earnings in 1998/2000 and today




The earnings underlying the S&P 500 index (lower chart red) have fallen sharply since the start of 2020 and are only now starting to tick up, while the trailing Price/Earnings Ratio (light green) of 33X is higher now than that pertaining in mid-1999. Considerably lower interest rates now than then buoy equity prices, while the prospects of higher US and offshore corporate taxes and regulation are headwinds for the mega cap technology companies that dominate the US equity market indices.

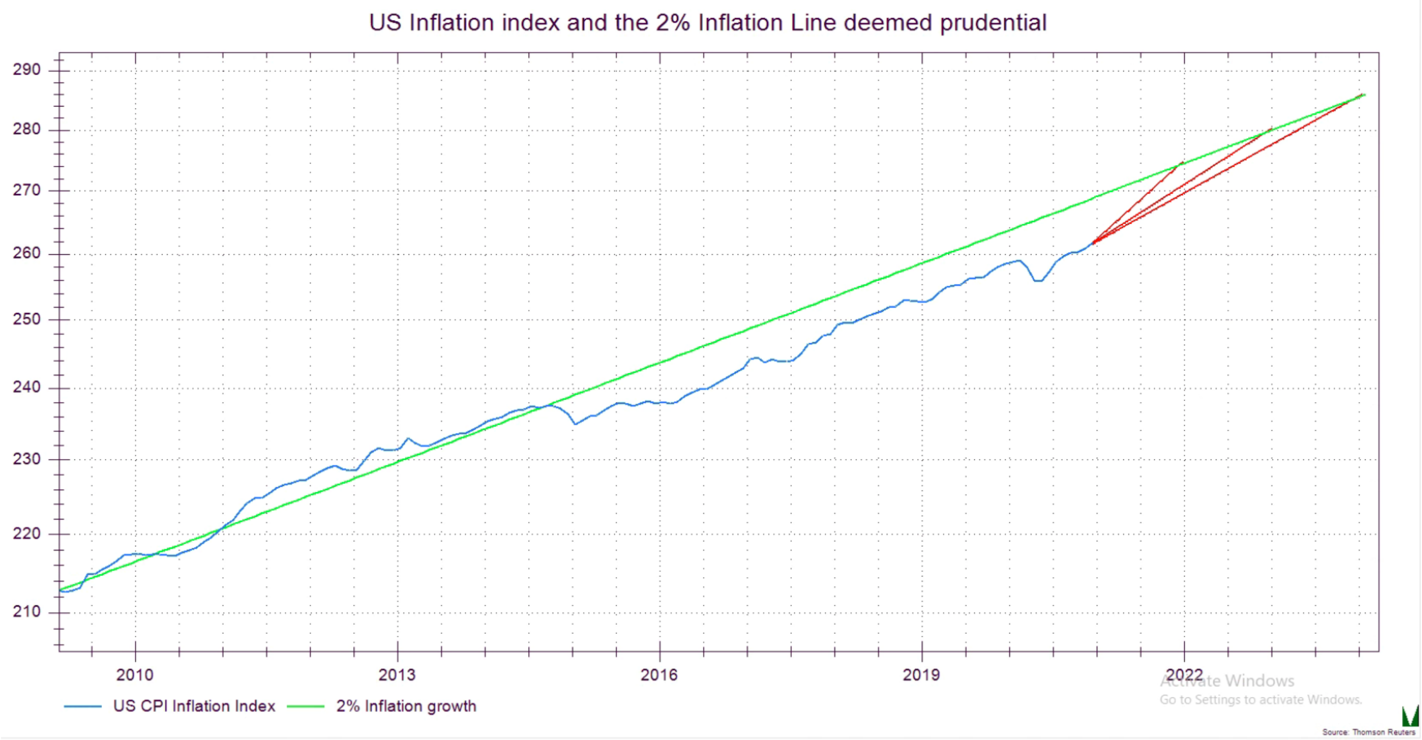
The chart hereafter shows the US S&P 500 Index versus 10 year and 30 year US Government bond yields over the past 40 years:

US S&P 500 Index and US Government Bond Yields

Since their highs approaching 16% in 1982, US government bonds yields have experienced a four decade slide to lows of 0.5% for the US 10 year in March 2020. We think this will mark the trough in US government bond yields, and expect yields to head higher with higher inflation, into 2021 and beyond.

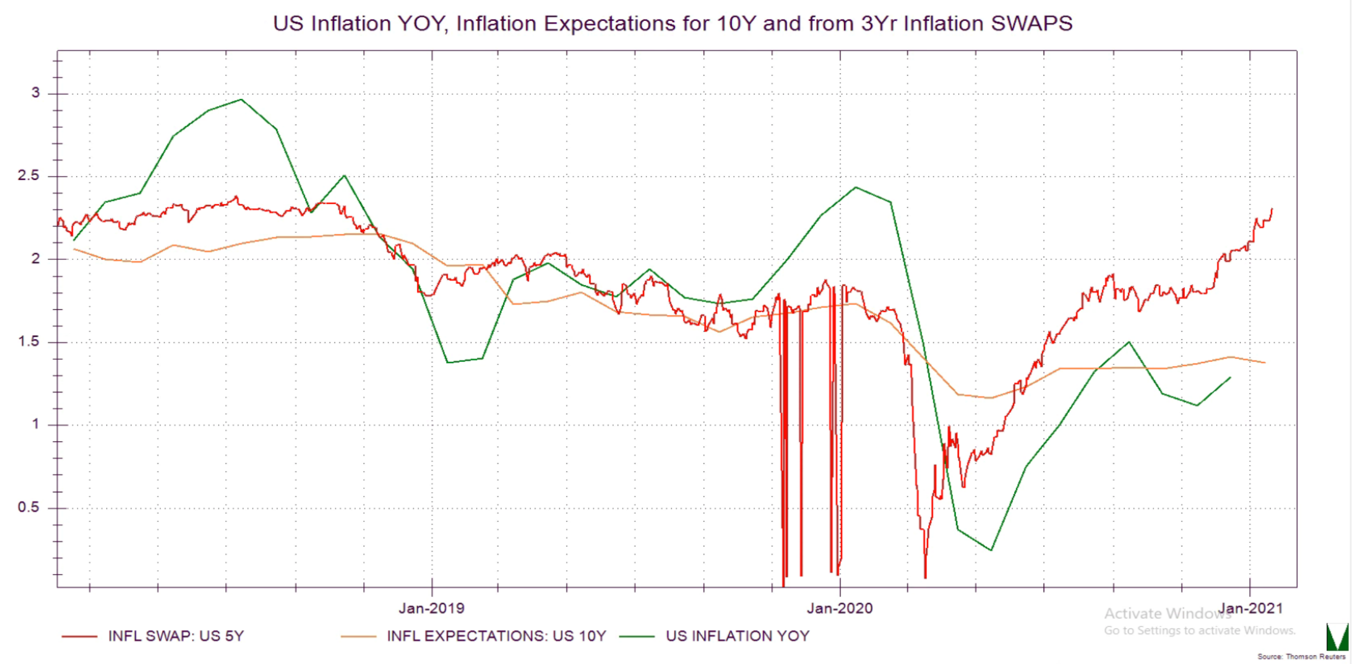
All told we would not be surprised if the 1999/2000 template continues to play out for some time, with examples of speculative excess (like the plethora of Special Purpose Acquisition Companies (SPAC's) raising capital on the basis on deals yet to be done, the Tesla valuation, Bitcoin's vertical price rise, and the recent crowd funded Gamestop short squeeze etc…) proliferating until the US Federal Reserve signals that its extreme monetary accommodation is winding down. With Jerome Powell head of the US Fed and Janet Yellen heading up the US Treasury Secretary, it will take some considerable prodding from inflationary indicators to shift these two doves off their respective monetary and fiscal easing perches. The US Fed has indicated that they believe there has been an inflationary deficit versus the 2% target rate since the 2009 Global Financial Crises (GFC), and that they intend letting inflation run above target until this 'deficit' has been recouped, before adjusting monetary policy. This is Modern Monetary Theory at its most incoherent (replacing an annual threshold with an annual target, and then replacing this annual target with an accumulated devaluation target), but taking them at their word we can get an estimate of the required future inflation rates and periods, before the US Fed feels compelled to act.

The chart below shows the US Consumer Price Index (CPI - blue) since the 2009 GFC and the 2% CPI line (green) from that time forward:



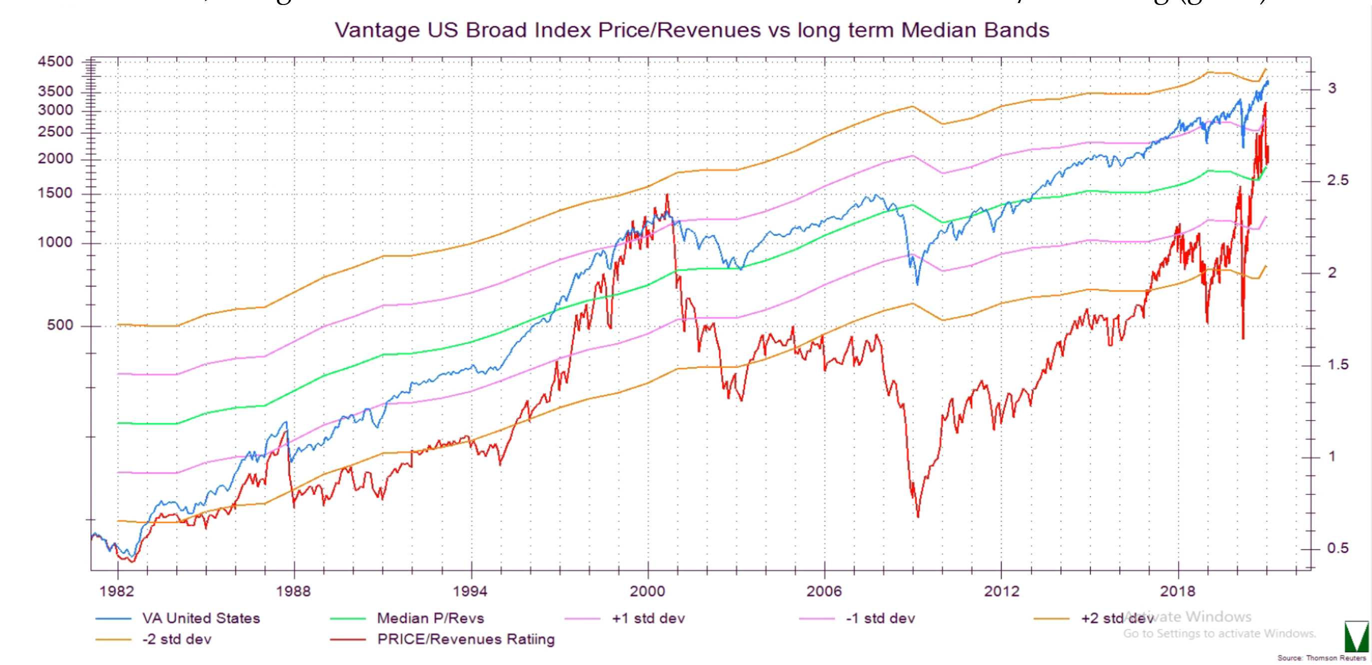

The red lines depict 5%, 3.5% and 3% per annum average inflation rates from the current level of the CPI index to the points that these inflation rates make up the accumulated deficit in the 2% inflation target rate since the 2009 GFC. A 5% average inflation rate from today forward would make up the deficit by the end of 2021, a 3.5% average inflation rate by the end of 2022 and a 3% average inflation rate by the end of 2023. Of course the US Fed will be influenced by future inflationary expectations more than historical CPI year on year changes. Hence we expect that if and when the 5 year outlook for US inflation approaches 3% per annum the US Fed to will start signalling to the markets that a change in its monetary policy is being considered. We expect the US Fed to act once 5 year inflationary swap yields materially exceed 3%.

The chart hereafter shows the current US Inflation (green), the US Inflationary expectations over the next 10 years derived from the US 10 Year bond and Inflation Protected 10 Year Bond (TIPS) yields (orange), and the US 5 year Inflation SWAP yields (red):



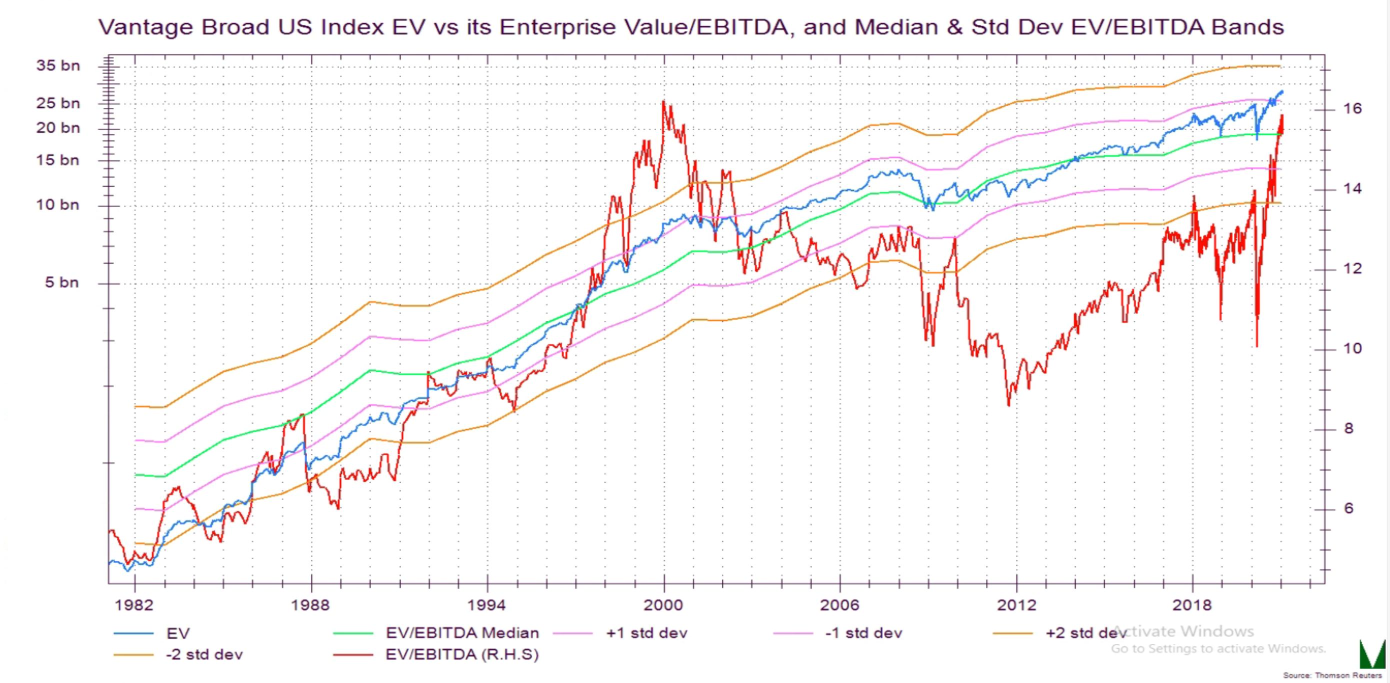

While the inflationary expectations derived from the yields of the US 10 year treasury bonds, and US TIPS yields remains subdued at circa 1.5% per annum, this is heavily influenced the US Fed's bond buying program. US Inflation SWAPS, which reflect more directly the market's expectations for future inflation, are rising towards 2.5% p.a. We expect that were US Inflation SWAP yields to materially exceed 3% p.a. the US Federal Reserve would start to caution that the period of ultra-easy monetary accommodation was drawing to a close. That would probably coincide with a strengthening US economy and US labour market. With the Covid-19 vaccine developments and deployment, and the US fiscal programs underway, it seems likely that the US economy and US employment will rebound sharply in Q3/Q4 2021. Hence we expect the US Fed will signal to the markets that they are considering starting to normalise monetary policy (whatever that may mean in a MMT environment!) around that time frame. That would also conform to the 2000 equity market template outlined above, with the US equity market tracing out a top pattern over 2021 and then falling considerably from the current extremely high ratings levels as interest rates and tax rates rise over the course of 2021/2022.

How highly the US equity market is currently rated versus its long term median ratings bands, is demonstrated in the charts below. The US Equity market's long term Price to Revenues rating (red, RHS) is shown below, along with the standard deviation bands around its median P/Rev rating (green):

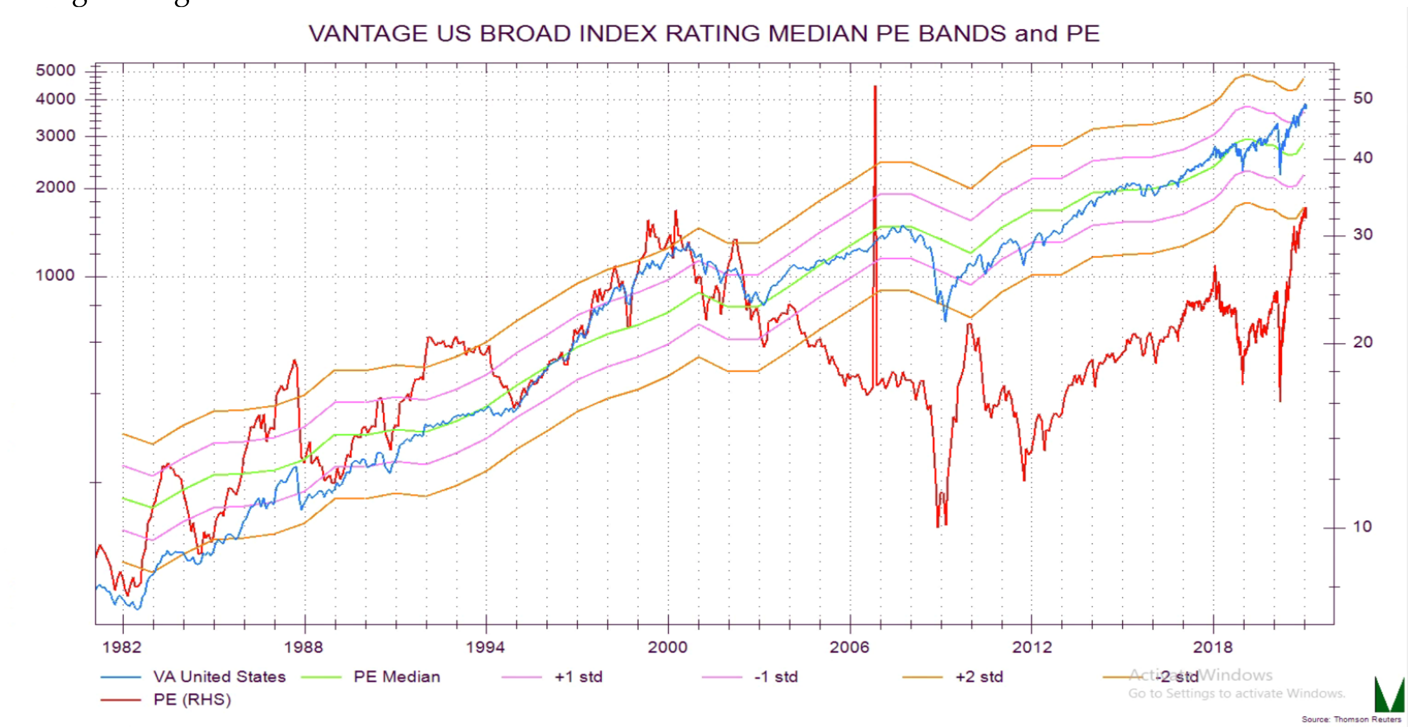


Priced at 2.7X Revenues the US equity market would need to halve to reach its median rating of around 1.3X, and its P/Rev rating exceeds that at the height of the 2000 dotcom boom.

The chart below shows the US Equity Market's Enterprise Value (Equity capitalisation plus net debt) versus this index's underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA – a favoured metric in new age of equity valuation):



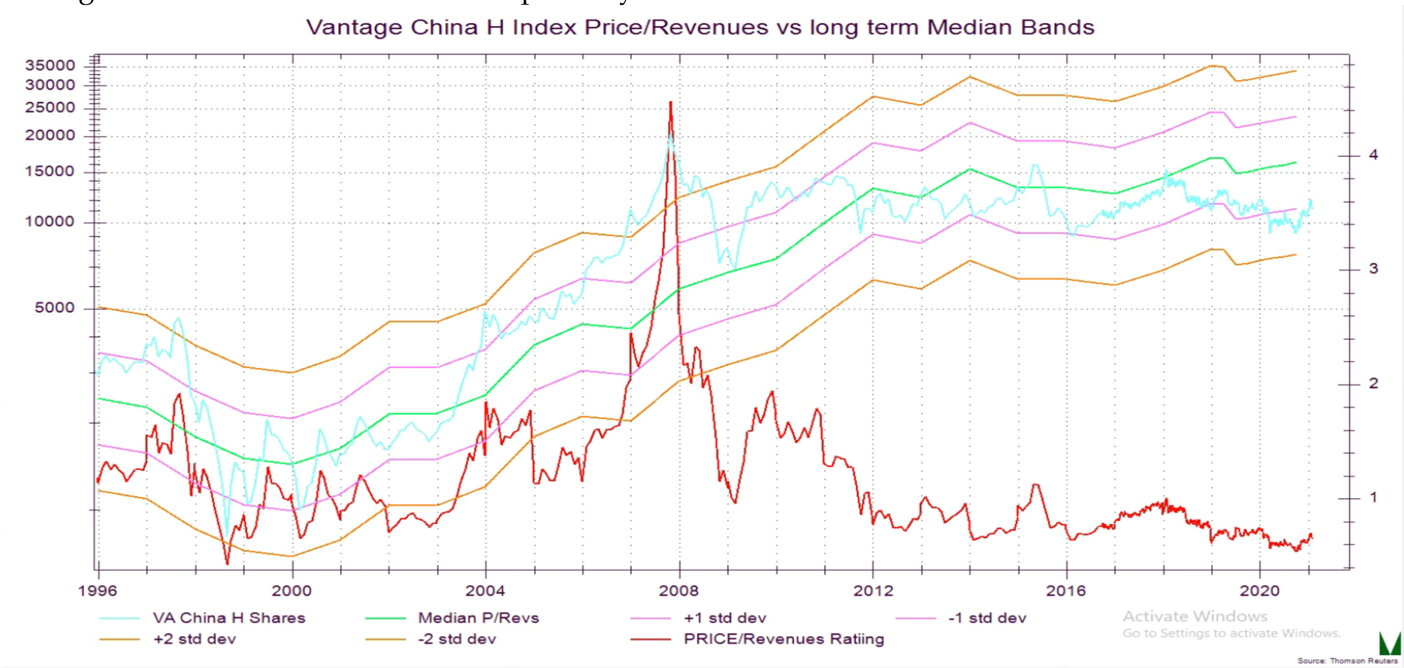

Priced at an Enterprise Value to EBITDA ratio of close to 16X, the US equity market is approaching the EV/EBITDA rating achieved at the peak of the 1990's dotcom bubble. A 35% plus fall in the EV level (and hence a significantly bigger fall in the equity capitalisation or index price) would be required to return the EV/EBITDA to its median long term level of around 11X, absent a very significant rise in EBITDA. The chart below shows that even on the most conventional measure of valuation, the Price to Earnings (PE) ratio, the US equity market is now trading at around 33X trailing earnings, in line with its PE high ratings of 2000:



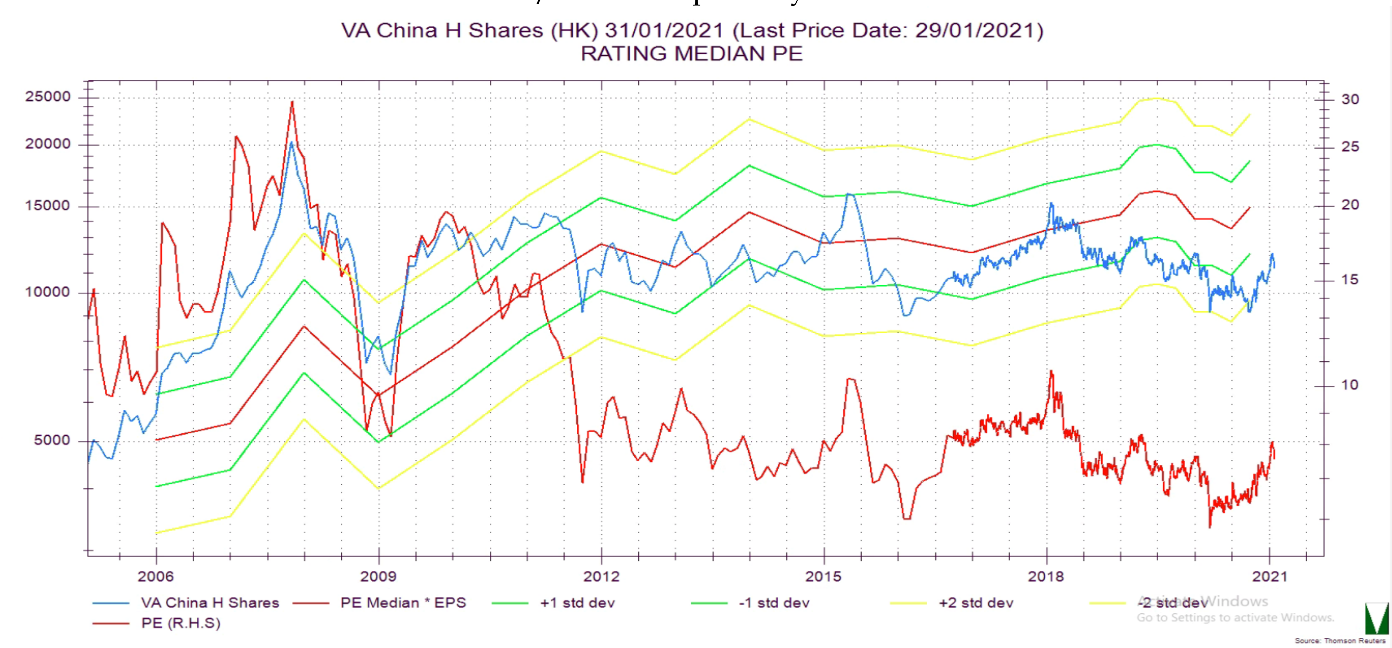

So the US Index is at or near the record high ratings of its dotcom bubble peak in 2000. While that indicates that the medium term (3 to 5 year) outlook for US equity prices is poor, it does not ipso facto signify a market top is imminent. Just as the dotcom bubble burst when even Cisco, the poster child of the dotcom/internet revolution, stated that forward orders had fallen sharply, so this bull market is likely going to require something that challenges its most widely held premise to falter and fail.

We think the consensus view that the US Federal Reserve has the equity market's back and will not materially raise interest rates for the foreseeable future, may well be the premise, which when challenged, precipitates the demise of this latest US equity bull market. Only time will tell, but until the US monetary tide looks to be turning, we expect that US equity market corrections, such as the one currently underway, will find reasonably close supports, and that the US equity market, even if in the process of topping, may well achieve further new highs through 2021.

At the other extreme in terms of valuation, the chart below shows the Price/Revenues bands of the Vantage China H Shares Index over the past 25 years:



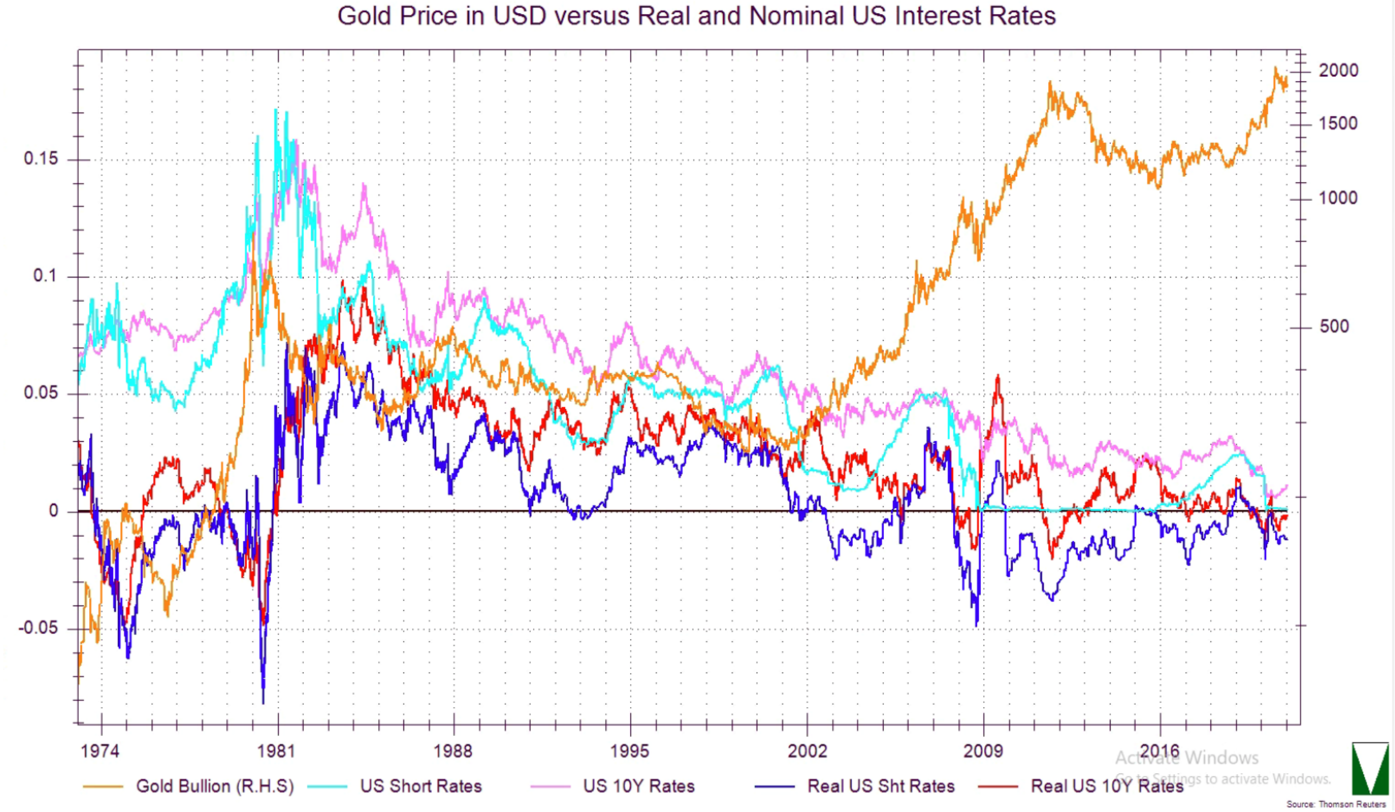

Despite on average growing Revenues and EPS faster than the US equity market, the China H shares Index is unchanged over the past 14 years, and is trading at a quarter of the ratings of the US equity market. The China H Index is trading on a Price/Revenue rating of 0.66X versus 2.7X for the US Equity Index. China H Index's P/E based on trailing earnings is 7.6X versus 33X for the US equity Index. The chart below shows the China H Index's P/E over the past 15 years:




Members will gather from the above why we have chosen to fully hedge your Fund's US equity market exposure, while leaving your Fund's China H exposure unhedged.

## Gold and Gold Shares

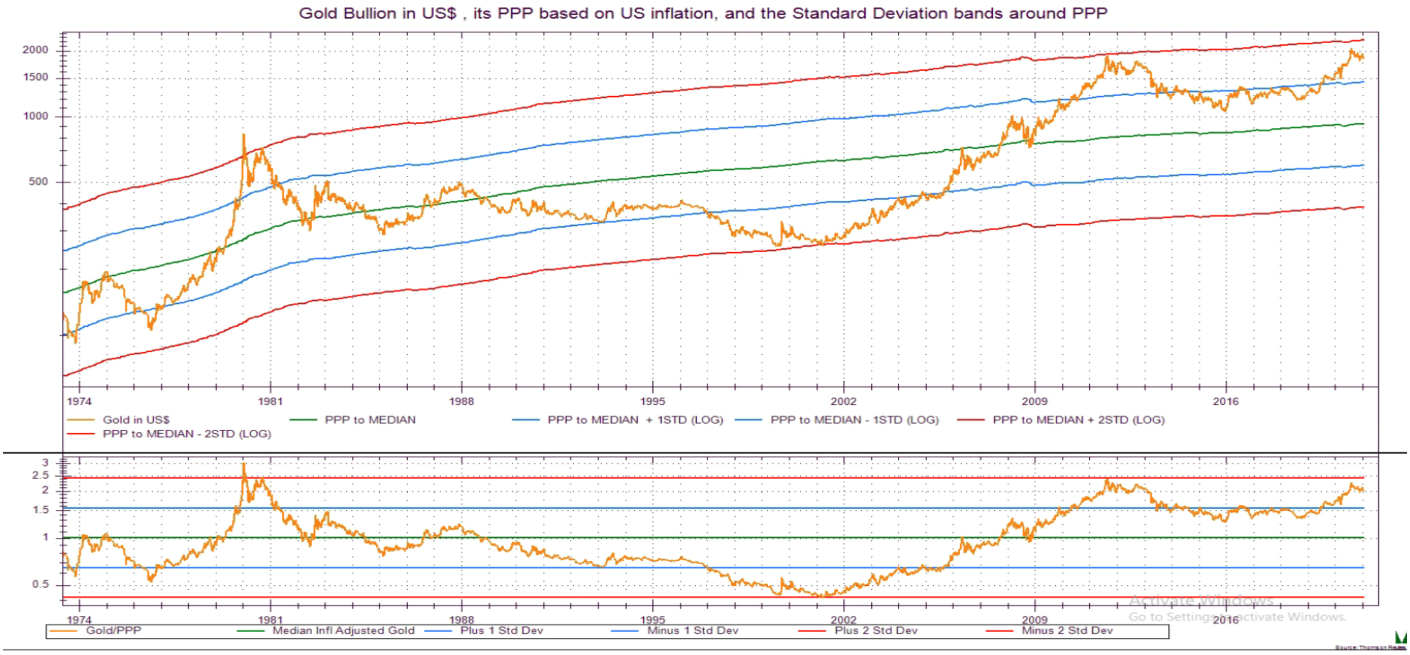
Your Fund ended the quarter with a 13% exposure to gold bullion, 2% exposures to platinum and to silver, and a 5% exposure to gold shares, giving a total exposure to precious metals of around 22%. We believe that gold continues to be an attractive alternative to the US dollar. Contrary to perceived wisdom, gold often appreciates in periods of rising nominal interest rates, provided real interest rates remain negative and while investors remain concerned about the future purchasing power of fiat currencies. The chart below shows US nominal and real interest rates (LHS), versus the gold price in US dollars (RHS):




The gold price appreciated from around US$ 100 per oz in 1976 to over US$ 800 per oz four years later, despite nominal US short term interest rates tripling from 5% to 15% over that period. The driver for this much higher gold price was US inflation, which rose as fast as or faster than nominal US interest rates, hence keeping real US interest rates in negative territory. Only when real US interest rates started to rise sharply due to falling inflation, did the 1981/1982 gold bull market crack and the 40 year bull market in US Bonds commence.

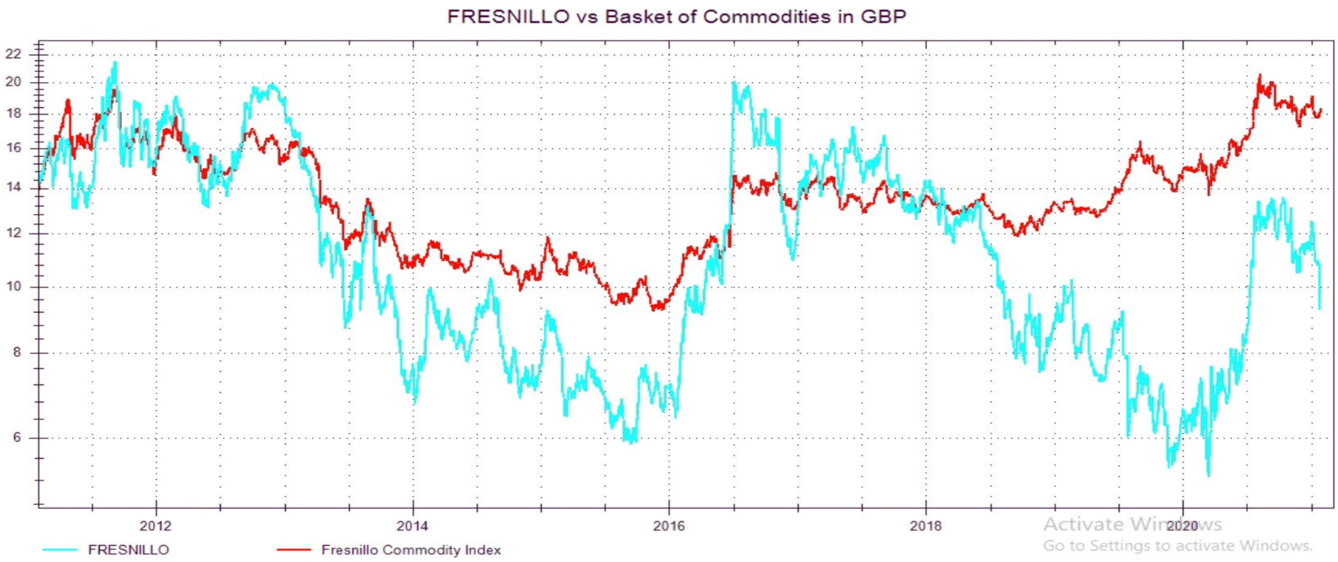
Given the US Fed's recent assurances that they will tolerate higher US inflation until the 'inflation deficit' referred to in the section above is made up, before starting to raise US interest rates, we can be reasonably assured that current negative real US interest rates will get more negative over the year ahead. This, plus concerns about the global fiat currency system overall, after the huge excesses in money creation and deficit funded government spending since early 2009 and especially since March 2020, should be supportive of the gold price in the year ahead.

However the reason we are not long term bulls of the gold price, absent a fiat currency collapse, is that the gold price is very high on an inflation adjusted basis. Only twice since President Nixon severed the US dollar's convertibility into gold in 1971, has the US dollar gold price been more extended relative to its purchasing power parity in US dollars than it is today (in 1980 and again in 2012). The chart hereafter shows the US dollar gold price versus a centralised US CPI index (green), a measure of gold's median purchasing power parity (PPP), and the standard deviation bands around this median, over the past 50 years:




Over the very long term gold maintains its purchasing power. It is not an economic agent and so does not appreciate over the long term in real terms (unless governments understate inflation, which may sustain the illusion of long term real gold appreciation). However, certainly for the last 50 years, gold has trended above and below its inflation adjusted median value. It moves considerably above that median value in times of steeply negative real interest rates, and below that median value when real US interest rates turned positive and confidence in the US dollar builds. We are short/medium term bullish on the US dollar gold price as we expect confidence in the US dollar will continue to erode and real US interest rates to fall further over the year ahead. We expect that before the current gold bull market is over, it will have reached and temporarily exceeded the two standard deviation band above its median PPP, as it did in 1980 and 2012. The two standard deviation band is currently at $2275 per oz and will rise over time with US inflation.

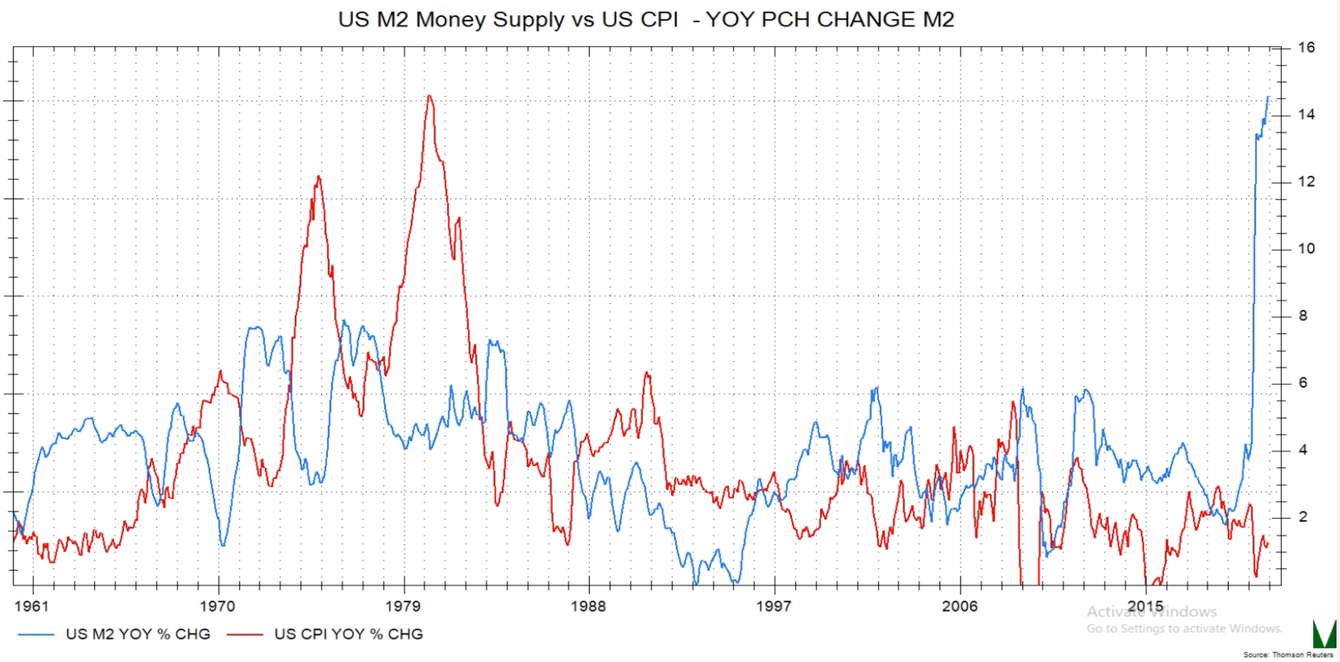
Gold mining companies are experiencing rising profit margins as a result of strong metals prices (gold, copper and silver) and low input costs (oil and interest on debt). After several years of enforced capital restraints, balance sheets are in increasingly good shape and dividends are rising strongly. The recent retracement in gold share prices has created a buying opportunity in our opinion. The chart below shows the price of Fresnillo PLC, the world's largest primary silver miner and Mexico's largest gold miner versus the GBP price of the basket of metals it produces (gold and silver each contribute roughly half of its revenue stream at current prices):




After its recent retracement on Covid-19 related production setbacks, we think Fresnillo represents an attractive long term investment opportunity. Your Fund holds a 2% exposure to Fresnillo, which we will likely double should the share price fall further to support around 800p.

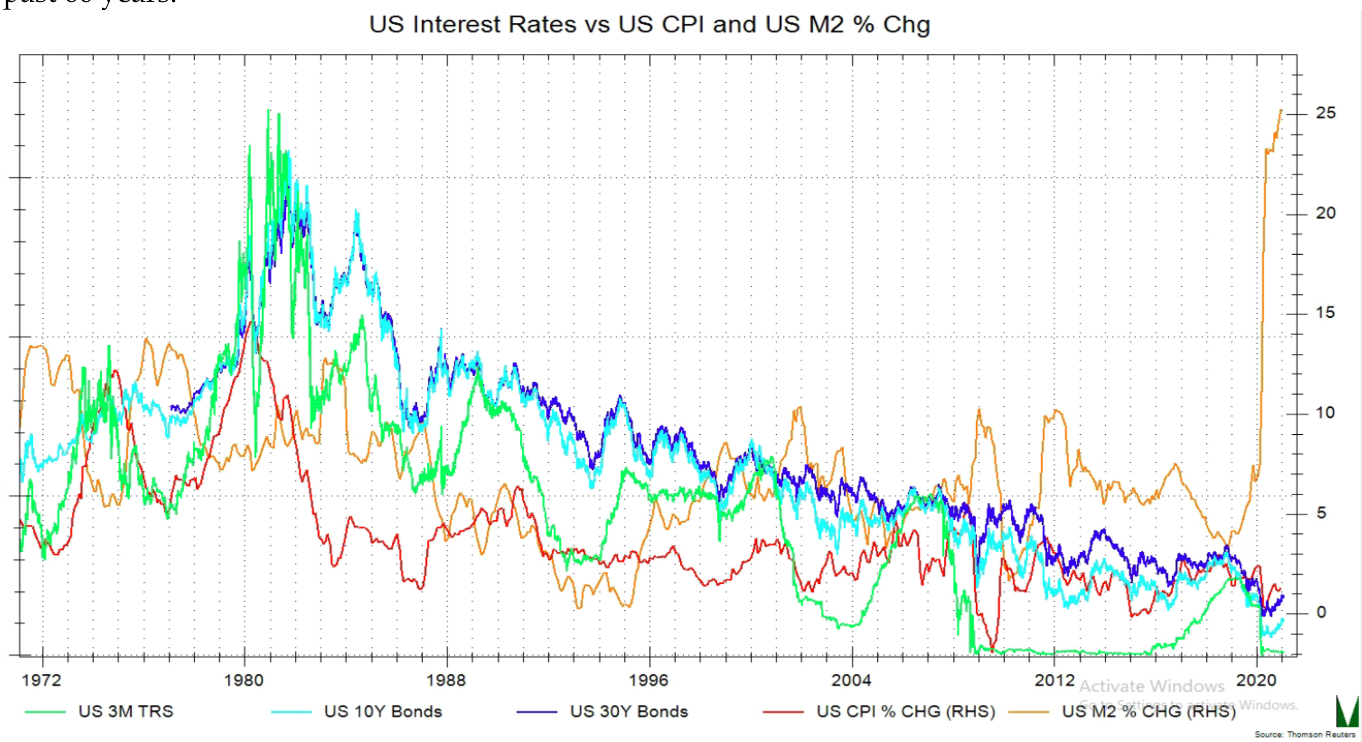
## Money Creation, Inflation and Bonds

The chart below shows the annual percentage change in US M2 money supply over the past 60 years, versus the annual US inflation rate:




The current 25% annual growth in US M2 is unprecedented, and the correlation between M2 growth and subsequent US inflation growth is very strong. We expect that US demand fuelled by the huge increase in US M2 currently underway will combine with supply and supply chain frictions (as a result of Covid-19 disruptions, retreating globalisation, trade friction, and resource capacity under investment), and along with a significantly weaker US dollar, propel US prices significantly higher over the next several years.

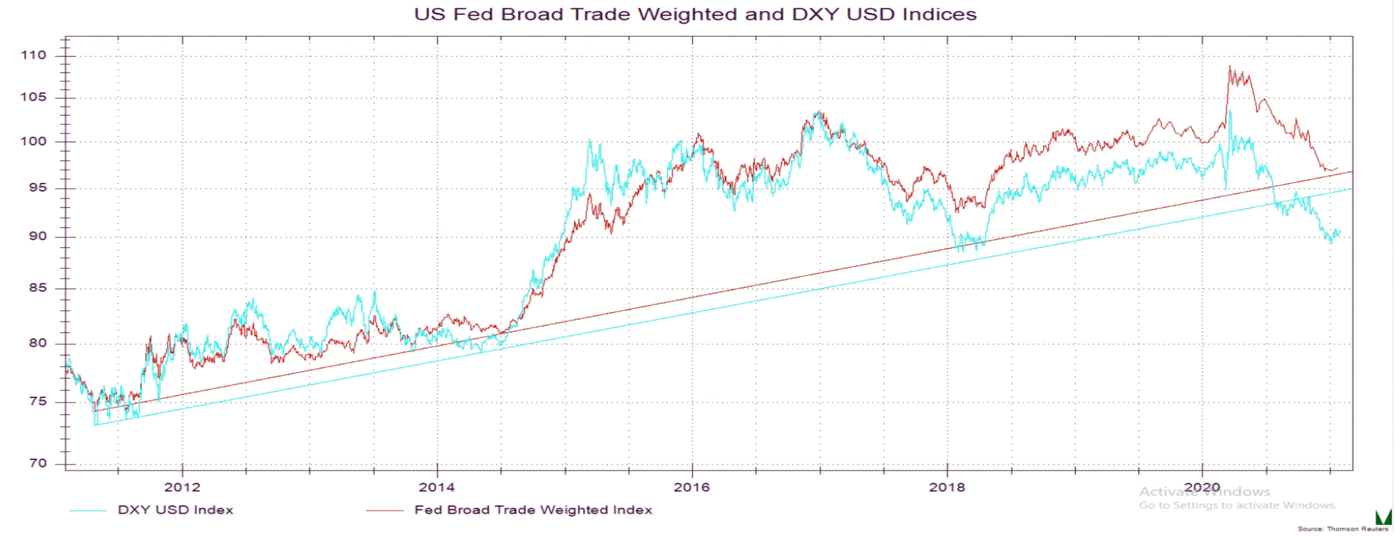
The chart below shows US interest rates versus US inflation and US M2 annual percentage changes, over the past 60 years:




We are convinced that US inflation will move significantly higher over the years ahead, and that the 40 year bond bull market is over. Your Fund has a 1% position short of the US Ultra Bond Future, which we intend to add to over time.

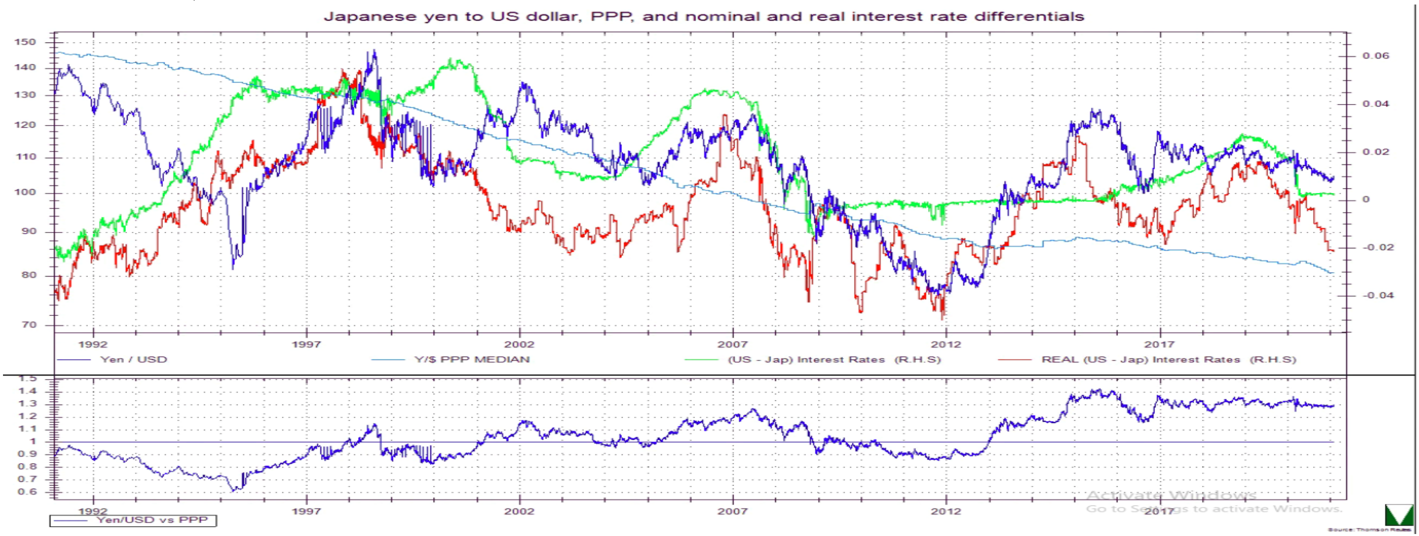
## Currencies

The chart below shows the US dollar against its Broad Trade Weighted Basket of currencies (blue) and against the DXY Index of developed economy currencies:




The US dollar has weakened considerably since the US Fed's announced in Mid-March 2020 of a US$ 2.3 trillion support package and cut US short term interest rates to zero. Against the DXY Index of other developed economy currencies the US dollar has lost some 13% since its March 23 high, while on a trade weighted basis it has lost 11%. Against both indices the US dollar appears to be at or near supports. Hence we would expect some US dollar stability over the next quarter or so. However against the DXY (blue) the US dollar has clearly broken its uptrend, and we expect the uptrend against its Trade Weighted Basket (red) will also break over time. Given the parlous state of the US's domestic politics and its hugely diminished international prestige after 4 years of Trumpian mal-Administration, as well as the US Fed's commitment to holding US interest rates near zero while US inflation accelerates, we expect the US dollar to weaken further over time.

The US dollar's fall has corrected much of its overvaluation and it is approaching its Purchasing Power Parity against a number of currencies. However it still appears expensive against the Japanese yen. The chart below shows the yen vs the US dollar exchange rate, the Vantage measure of the PPP between the two currencies, and the nominal and real interest rate differentials between the two currencies:




Purchasing Power Parity between the US dollar and the yen appears now to be in the region of 80/85 yen per USD. Japanese real interest rates are now 2% higher than US real interest rates, and that real interest rate differential is set to widen as the US inflates while Japan continues in its deflationary cycle. Your Fund ended the year with a 33% exposure to the US dollar, a neutral exposure to the yen and the GBP of circa 10%, and an underweight exposure to European currencies. Gold at 13% and S.E. Asian currencies at 23% were your Fund's principal currency overweight positions.

## EXPOSURES TO INVESTMENTS AND HEDGES AT 31 DECEMBER 2020

### EQUITY EXPOSURE (%)

| **Investments by Country** | **Long Exposure** | **Short Exposure** | **Investment Hedges** | **Net Exposure** |
|---|---|---|---|---|
| U.S.A | 14 | (1) | (12) | 1 |
| Canada | 2 | - | 0 | 2 |
| **North America** | **16** | **(1)** | **(12)** | **3** |
| United Kingdom | 8 | - | (4) | 4 |
| France | 1 | - | (2) | (1) |
| Netherlands | 3 | - | - | 3 |
| Other Europe | 5 | - | (4) | 1 |
| **Europe** | **17** | - | **(10)** | **6** |
| **Japan** | **2** | **-** | **(2)** | **1** |
| China | 10 | - | - | 0 |
| South Korea | 10 | - | (3) | 7 |
| Hong Kong | 4 | - | (1) | 3 |
| India | 3 | - | (1) | 2 |
| Taiwan | 5 | - | (1) | 4 |
| Indonesia | 1 | - | - | 1 |
| Other | 8 | - | - | 8 |
| **Asia Pacific and Other** | **39** | - | **(6)** | **34** |
| **TOTAL EQUITIES** | **74** | **(1)** | **(28)** | **45** |

### CURRENCY EXPOSURE (%)

| **Currencies by Country** | **Investment Exposure** | **Currency Hedges** | **Net Exposure** | **Weight in Currency Benchmark** |
|---|---|---|---|---|
| **Gold** | **19** | **0** | **13** | |
| US Dollar Block | 22 | 12 | 33 | **40** |
| Hong Kong dollar | 4 | (3) | 1 | - |
| **US Dollar Block** | **26** | **7** | **33** | - |
| **Canadian dollar** | **2** | **(2)** | **1** | **2.5** |
| **GBP** | **8** | **0** | **8** | **10** |
| Euro | 6 | 7 | 13 | **20** |
| Swiss franc | 0 | 0 | 0 | **5** |
| Other Europe | 2 | (1) | 1 | - |
| **Europe** | **8** | **6** | **14** | - |
| **Japanese yen** | **2** | **5** | **8** | **10** |
| China yuan | 10 | (2) | 8 | - |
| Taiwan dollar | 5 | (2) | 3 | - |
| South Korean won | 10 | (3) | 6 | - |
| Other | 11 | (4) | 7 | **12.5** |
| **Asia Pacific and Other** | **35** | **(12)** | **23** | - |
| **TOTAL** | **100** | 4 | **100** | **100** |

*(Please note that numbers may not add up to totals due to rounding)*

## Independent Auditor's Report

## Statement of Financial Position as of December 31

| | Notes | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **Assets** | | | |
| *Financial assets at fair value through profit or loss* | 11 | 80,354,195 | 80,669,327 |
| *Financial assets at amortized cost* | | | |
| Cash and deposit accounts | | 22,751,011 | 18,350,807 |
| Margin accounts | | 2,565,960 | 4,362,236 |
| Receivable on securities sales | | – | 397,953 |
| Receivable on dividends | | 36,435 | 163,371 |
| **Total Assets** | | **105,707,601** | **103,943,694** |
| **Equity** | | | |
| Founder shares | 13 | 100 | 100 |
| **Total Equity** | | **100** | **100** |
| **Liabilities** | | | |
| *Financial liabilities at fair value through profit or loss* | 11 | 2,612,604 | 6,492,950 |
| *Financial liabilities measured at amortized cost* | | | |
| Fees payable | 5 | 203,196 | 203,953 |
| Payable on securities purchased | | – | 314,211 |
| Interest payable | | 12,928 | – |
| **Total Liabilities** | | **2,828,728** | **7,011,114** |
| **Net assets attributable to holders of redeemable shares** | | **102,878,773** | **96,932,480** |
| **Total Equity and Liabilities** | | **105,707,601** | **103,943,694** |

## Key Figures

| | 2020 | 2019 |
|---|---|---|
| Redeemable shares outstanding | 240,330.54 | 209,343.69 |
| Net asset value per redeemable share in USD | 428.07 | 463.03 |
| Net assets attributable to holders of redeemable shares | **102,878,773** | **96,932,480** |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON 30 June 2021

The notes on pages 22-31 are an integral part of the financial statements.

## Statement of Comprehensive Income for the year ended December 31

| | Notes | 2020 | 2019 |
|---|---|---|---|
| | | $ | $ |
| **Income** | | | |
| From financial assets and financial liabilities at fair value through profit or loss: | | | |
| Net realized loss | | (14,805,041) | (21,597,835) |
| Net changes in unrealized gain | | 8,010,973 | 25,951,750 |
| **Net (loss)/gain on financial assets and financial liabilities at fair value through profit or loss** | | **(6,794,068)** | **4,353,915** |
| **Other investment income** | | | |
| Interest income | 3 | 58,201 | 566,640 |
| Dividend income | 4 | 1,285,917 | 2,999,199 |
| Income on subscriptions | 9 | 61,044 | 11,335 |
| Income on redemptions | 10 | 20,612 | 122,784 |
| Net gain on foreign currency | | 3,241 | 42,524 |
| Other income | | 15 | – |
| | | **1,429,030** | **3,742,482** |
| **Net investment(loss)/profit** | | **(5,365,038)** | **8,096,397** |
| **Expenses** | | | |
| Management fee | 7 | 1,216,005 | 1,800,671 |
| Custodian bank and administration fee | 6 | 157,289 | 139,503 |
| Audit costs, legal and economic advice | | 34,100 | 34,055 |
| Dividend expense | 4 | 21,666 | 54,885 |
| Other commissions and fees | 12 | 247,480 | 218,390 |
| | | **1,676,540** | **2,247,504** |
| **Net (loss)/profit from operations before finance costs** | | **(7,041,578)** | **5,848,893** |
| Withholding tax on dividends | | 133,190 | 348,094 |
| Interest expense | 3 | 356,246 | 828,410 |
| | | **489,436** | **1,176,504** |
| **Change in net assets attributable to holders of redeemable shares for the year** | | **(7,531,014)** | **4,672,389** |

## Statement of Changes in Net Assets attributable to holders of Redeemable Shares for the year ended December 31

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Net assets attributable to holders of redeemable shares at the beginning of the year | 96,932,480 | 142,180,461 |
| Change in net assets attributable to holders of redeemable shares for the year | (7,531,014) | 4,672,389 |
| Issuance of redeemable shares | 20,347,886 | 4,311,488 |
| Redemption of redeemable shares | (6,870,579) | (54,231,858) |
| **Net assets attributable to holders of redeemable shares at the end of the year** | **102,878,773** | **96,932,480** |

## Statement of Changes in the Number of Redeemable Shares outstanding (Note 13)

| | 2020 | 2019 |
|---|---|---|
| Redeemable shares outstanding at the beginning of the year | 209,343.69 | 322,179.09 |
| Redeemable shares issued | 48,435.01 | 9,635.69 |
| Redeemable shares redeemed | (17,448.16) | (122,471.09) |
| **Redeemable shares outstanding at the end of the year** | **240,330.54** | **209,343.69** |

## Statement of Cash Flows for the year ended December 31

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| **Cash Flows from Operating Activities** | | |
| Interest received | 58,201 | 566,640 |
| Dividends received | 1,279,663 | 2,711,307 |
| Interest paid | (343,318) | (828,410) |
| Dividends paid | (21,666) | (54,885) |
| Net gain on foreign currency | 3,241 | 42,524 |
| Other income received | 81,671 | 134,119 |
| Payment of operating expenses | (1,655,631) | (2,260,810) |
| Net (payment)/proceeds from securities and derivatives sold and purchased | (10,275,540) | 27,537,401 |
| **Net cash (used in)/provided by operating activities** | **(10,873,379)** | **27,847,886** |
| **Cash Flows from Financing Activities** | | |
| Proceeds from redeemable shares issued | 20,347,886 | 4,311,488 |
| Payments for redeemable shares redeemed | (6,870,579) | (54,231,858) |
| **Net cash provided by/(used in) financing activities** | **13,477,307** | **(49,920,370)** |
| **Net increase/(decrease) in cash and cash equivalents** | **2,603,928** | **(22,072,484)** |
| **Cash and cash equivalents** | | |
| **Beginning of the year** | 22,713,043 | 44,785,527 |
| **End of the year** | **25,316,971** | **22,713,043** |

**Note 1 - General**

Vantage Global Investment Fund (the "Fund") was incorporated on October 2, 1995 as an exempted company under the Companies Law (revised) of the Cayman Islands, and is regulated under The Mutual Funds Act (revised) of the Cayman Islands, as amended from time to time. The Fund's registered office is located at MUFG Alternative Fund Services (Cayman) Ltd, P.O. Box 852, 227 Elgin Avenue, George Town, Grand Cayman KY1-1103, Cayman Islands.

The Fund is a single fund managed by Vantage Investment Management Limited (the "Manager") which invests the assets of the Fund in a focused portfolio of shares, currencies and portfolio hedges.

MUFG Alternative Fund Services (Cayman) Limited serves as the administrator (the "Administrator") to the Fund.

**Note 2 - Summary of significant accounting policies**

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

*a) Basis of preparation*

The Fund's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of the financial assets and financial liabilities held at fair value through profit or loss. The accounting policies have been consistently applied by the Fund and are consistent with those used in the previous year. Certain prior year comparatives have been modified to conform with the current year presentation.

Standards, amendments and interpretations that are effective from January 1, 2020 and beyond:

(i) New standards, amendments and interpretations effective January 1, 2020 and adopted by the Fund

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial instruments: Recognition and measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the Fund's financial statements as it does not have any interest rate hedge relationships.

(ii) New standards, amendments and interpretations effective after January 1, 2021 have not been early adopted

At the date of authorization of the financial statements there were a number of other Standards and Interpretations which were in issue but not yet effective. Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Fund.

*b) Accounting currency*

The accounting records as well as the financial statements of the Fund are kept in the United States ("US") dollars. US dollar ("$") is the functional and reporting currency of the Fund as subscriptions and redemptions are performed in US dollars.

*c) Use of estimates*

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

*d) Valuation principles*

The Fund's value is calculated each week, based on the valuation of its underlying assets and liabilities pertaining as of the close of business on each Wednesday or at such other time as the Administrator with the approval of the Directors shall determine (termed the "Valuation Day"). All subscriptions and redemptions are based on the Fund's Net Asset Value per Share, determined by the Administrator at values pertaining as of the close of business on the Valuation Day. The Fund's value is calculated by the Administrator on the first Business Day in the Cayman Islands after the Valuation Day (termed the "Calculation Day").

The Net Asset Value per Share is expressed in US dollars and is determined by dividing the net assets of the Fund by the number of Shares in issue on the Valuation Day, excluding any subscriptions or redemptions scheduled for that Valuation Day. The net assets of the Fund comprise the principal aggregate of all the investments owned or contracted to be purchased by the Fund at their closing prices in their markets as of the Valuation day, plus any cash, bills, accrued interest, or other property of any kind as defined from time to time by the Directors, from which are deducted the management, custodial and administrative expenses, the value of any investments contracted to be sold, the aggregate amount of any borrowings, any interest or other charges, or other liabilities of any kind as defined from time to time by the Directors.

*e) Financial assets and financial liabilities*

*I. Classification*

In accordance with IFRS 9, the Fund classifies a financial asset or financial liability as to be held for trading if:

(i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

(ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or

(iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets
The Fund classifies its financial assets as subsequently measured at amortized cost or measured at fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

*Financial assets measured at amortized cost*
A debt instrument is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category receivable on dividends .

*Financial assets measured at fair value through profit or loss*
A financial asset is measured at fair value through profit or loss if:

(a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
(b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
(c) at initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Fund includes derivative contracts in an asset position and debt instruments in this category which include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

*Impairment of financial assets*
The Fund holds receivable on dividends and receivable on securities sales which have maturities of less than 12 months at amortized cost and, as such, has chosen to apply an approach similar to the simplified approach for ECL under IFRS 9 to all its due from brokers and interest receivable. Therefore, the Fund does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date.

IFRS 9 requires the Fund to record ECLs on all of its assets measured at amortized cost, either on a 12-month or lifetime basis.

The Fund measures the loss allowance at an amount equal to the lifetime ECLs if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECLs.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. During the year ended December 31, 2020 and 2019, the Fund did not recognize any impairment of assets.

Financial liabilities
*Financial liabilities measured at fair value through profit or loss*

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and debt instruments sold short since they are classified as held for trading.

*Financial liabilities measured at amortized cost*
This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes interest payable and fees payable in this category.

*II. Recognition, derecognition and initial measurement*

The Fund recognizes financial assets at fair value through profit or loss on the date it becomes a party to the contractual provisions of the instrument using trade date accounting. From this date, any gains and losses arising from changes in fair value are recognized.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognized directly in profit or loss.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

*III. Subsequent measurement*

Subsequent to initial recognition, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

*IV. Unrealized gains and losses on subsequent measurement*

Unrealized gains and losses arising from a change in the fair value of trading instruments during the year are recognized in the statement of comprehensive income.

In the case of any security which is listed or dealt in on more than one stock exchange, the Directors determine the stock exchange whose quotations shall be used in the determination of the value of such security.

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

*f) Conversion of foreign currencies*

Foreign currency transactions are translated to US dollars at the foreign exchange rate ruling at the date of the transaction. Foreign currency assets and liabilities are translated to US dollars at the foreign exchange rate ruling at the statement of financial position date.

Foreign currency exchange differences arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net gain on foreign currency'.

Foreign currency exchange differences relating to financial assets and liabilities at fair value through profit or loss are included in the statement of comprehensive income within net (loss)/gain from financial assets and financial liabilities at fair value through profit or loss.

*g) Valuation of forward foreign exchange contracts*

As part of the Fund's investment strategy, the Fund enters into certain financial instruments including forward foreign exchange contracts. These forward foreign exchange contracts are initially recognized at fair value and subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is based upon the settlement prices from the recognized and regulated markets, with the resulting unrealized gain/(loss) recorded in the statement of comprehensive income.

Fair value estimates are made at a specific point in time, based on the market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement. Hence, changes in assumptions could significantly affect the estimates.

At December 31, 2020, the Fund was committed to the following amounts as a result of outstanding forward foreign exchange contracts:

| Bought Currency | Sold Currency | Maturity Date | Unrealized Gain/(Loss) $ |
|---|---|---|---|
| USD1,462,488 | CAD1,866,406 | 03.17.2021 | (4,525) |
| USD564,592 | CAD739,984 | 03.17.2021 | (17,043) |
| USD842,751 | CHF766,007 | 03.17.2021 | (24,553) |
| USD687,559 | EUR559,692 | 03.17.2021 | 2,656 |
| USD300,000 | GBP224,314 | 03.17.2021 | (6,783) |
| USD900,000 | GBP673,785 | 03.17.2021 | (21,502) |
| USD4,275,536 | HKD33,140,662 | 03.17.2021 | 110 |
| USD1,189,156 | HKD9,219,222 | 03.17.2021 | (202) |
| USD1,668,427 | INR124,000,000 | 03.17.2021 | (14,359) |
| USD2,053,933 | KRW2,232,583,890 | 03.17.2021 | 634 |
| USD523,696 | SEK4,519,915 | 03.17.2021 | (26,142) |
| USD4,930,814 | TWD137,035,792 | 03.17.2021 | (10,381) |
| AUD4,573,276 | USD3,450,344 | 03.17.2021 | 70,467 |
| CNY5,221,724 | USD775,000 | 03.17.2021 | 22,551 |
| CNY5,673,926 | USD863,269 | 03.17.2021 | 3,349 |
| EUR1,650,000 | USD1,956,941 | 03.17.2021 | 62,186 |
| EUR669,084 | USD800,000 | 08.10.2021 | 21,449 |
| EUR660,816 | USD800,000 | 03.17.2021 | 8,649 |
| EUR3,180,572 | USD3,867,128 | 03.17.2021 | 24,981 |
| GBP6,706,365 | USD8,872,065 | 03.17.2021 | 299,888 |
| GBP595,779 | USD800,000 | 03.17.2021 | 14,816 |
| JPY744,459,372 | USD7,166,863 | 03.17.2021 | 49,804 |
| MXN32,073,864 | USD1,578,396 | 03.17.2021 | 18,176 |
| ZAR16,729,975 | USD1,100,000 | 03.17.2021 | 27,470 |
| USD1,181,507 | ZAR18,061,424 | 03.17.2021 | (35,692) |

At December 31, 2019, the Fund was committed to the following amounts as a result of outstanding forward foreign exchange contracts:

| Bought Currency | Sold Currency | Maturity Date | Unrealized Gain/(Loss) $ |
|---|---|---|---|
| USD643,766 | CAD847,709 | 03.18.2020 | (8,994) |
| USD924,736 | CHF902,091 | 03.18.2020 | (13,703) |
| USD1,015,332 | EUR905,908 | 03.18.2020 | (5,419) |
| USD2,441,384 | EUR2,178,202 | 03.18.2020 | (12,952) |
| USD772,279 | HKD6,033,967 | 03.18.2020 | (1,700) |
| USD2,888,994 | INR206,903,985 | 03.18.2020 | 9,496 |
| USD4,198,825 | KRW5,000,000,000 | 03.18.2020 | (135,803) |
| USD1,682,886 | PHP85,758,540 | 03.18.2020 | (5,113) |
| USD1,000,000 | SEK9,278,249 | 03.17.2020 | 5,589 |
| USD867,171 | SEK8,091,073 | 03.17.2020 | (2) |
| USD811,489 | SEK7,715,185 | 03.18.2020 | (15,439) |
| USD11,839,261 | TWD358,174,144 | 03.18.2020 | (197,309) |
| AUD1,261,422 | USD870,000 | 03.18.2020 | 17,331 |
| AUD1,000,003 | USD700,000 | 03.18.2020 | 3,439 |
| CAD760,090 | USD580,000 | 03.18.2020 | 5,292 |
| EUR892,245 | USD1,000,000 | 03.18.2020 | 5,356 |
| EUR1,070,701 | USD1,200,000 | 03.18.2020 | 6,435 |
| GBP1,552,671 | USD2,056,939 | 03.18.2020 | 5,841 |
| GBP3,336,251 | USD4,420,773 | 03.18.2020 | 11,559 |
| GBP2,873,666 | USD3,807,803 | 03.18.2020 | 9,968 |
| JPY292,451,678 | USD2,709,077 | 03.18.2020 | (4,454) |
| KRW1,627,170,020 | USD1,400,000 | 03.18.2020 | 10,636 |
| MXN21,585,221 | USD1,115,452 | 03.18.2020 | 11,910 |
| PHP18,292,068 | USD360,000 | 03.18.2020 | 46 |
| SEK9,448,032 | USD1,000,000 | 03.17.2020 | 12,608 |
| TWD181,440,000 | USD6,070,340 | 03.18.2020 | 27,016 |
| TWD17,000,000 | USD570,276 | 03.18.2020 | 1,015 |
| ZAR11,182,681 | USD770,000 | 03.18.2020 | 20,608 |
| USD4,374,932 | ZAR65,048,284 | 03.18.2020 | (223,936) |

*h) Valuation of financial futures contracts*

Derivative financial instruments including financial futures contracts are initially recognized in the statement of financial position at fair value and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices. All financial futures contracts are carried in current assets when amounts are receivable by the Fund and in current liabilities when amounts are payable by the Fund. Changes in fair values of financial futures contracts are included in the statement of comprehensive income.

Realized profits and losses are determined following the FIFO-Method (First In First Out).

*i) Valuation of contracts for differences*

The Fund values contract for difference by taking the difference between the quoted price of the underlying security and the contract price. The Fund also considers counterparty credit risk in its valuation of contract for difference.

*j) Dividend and interest income*

Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Fund's right to receive payment is established.

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments using the effective yield method. Interest income may include coupons earned on fixed income investment and trading securities and accrued discount on treasury bonds, commercial papers, floating rate notes and other discounted instruments.

*k) Cash and cash equivalents*

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments with maturities of three months or less when purchased.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash and deposit accounts and margin accounts.

*l) Margin accounts*

This account represents cash positions held with the broker as margin to carry its derivative transactions. These cash positions and/or securities held by the broker serve as collateral for any amounts due to broker. The Fund is subject to credit risk if the broker is unable to repay both initial and maintenance margin balances due in their custody. The cash balances and/or securities also serve as collateral for potential defaults of the Fund.

*m) Fees and commission expense*

Fees and commission expense are recognized in the statement of comprehensive income as the related services are performed.

*n) Net assets attributable to holders of redeemable shares*

The Fund issues one class of redeemable shares, which are redeemable at the holder's option. Such shares are classified as financial liabilities.

*o) Investments sold short*

The Fund has sold investments that it does not own and will, therefore, be obligated to purchase such investments at a future date. A gain, limited to the price at which the Fund sold the investments short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale. The Fund has recorded this obligation in the financial statements at the year-end fair value of the investments. There is an element of market risk in that, if the investments sold short increase in value, it will be necessary to purchase the investments sold short at a cost in excess of the obligation reflected in the statement of financial position.

*p) Taxation*

Under current legislation in the Cayman Islands, there is no income, estate, corporate, capital gain or other taxes payable by the Fund.

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

*q) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## Note 3 - Interest income and expense

Interest income and expense arises from:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Interest income for financial assets that are at fair value through profit or loss and at amortized cost | 58,201 | 566,640 |
| **Total interest income** | **58,201** | **566,640** |
| Interest expense for financial liabilities that are at fair value through profit or loss and at amortized cost | 356,246 | 828,410 |
| **Total interest expense** | **356,246** | **828,410** |

## Note 4 - Dividend income and expense

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Designated at fair value through profit or loss upon initial recognition | | |
| - Equity securities | 1,285,917 | 2,999,199 |
| **Total dividend income** | **1,285,917** | **2,999,199** |

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Designated at fair value through profit or loss upon initial recognition | | |
| - Equity securities | 10,441 | 45,246 |
| - Contract for difference | – | 9,639 |
| - Exchange traded funds | 11,225 | – |
| **Total dividend expense** | **21,666** | **54,885** |

## Note 5 - Fees payable

The detail of fees payable is as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Management fees | 134,853 | 134,146 |
| Administration fees | 35,543 | 38,307 |
| Audit fee | 32,800 | 31,500 |
| **Total fees payable** | **203,196** | **203,953** |

## Note 6 – Administration fee

The Administrator receives their fees on the basis of eight basis points (0.08%) per annum of the weekly average net assets of the Fund or the minimum administration fee of $143,750 whichever is higher, as per the Administrator Agreement.

## Note 7 - Management and Performance fees

The Manager's fee is designed to align the interest of the Manager and those of investors in the Fund, who seek returns exceeding those attainable from investing in risk free securities without exposing their investment to the volatility normally associated with investing in global equities. The Manager's Fee is determined by the Administrator each week on the Calculation Day and charged to the Fund. It consists of:

- a base fee of 1.5% per annum of the weekly net asset value;
- a Performance fee of 15% of the incremental value added.

The incremental value added is determined as of each valuation day as follows: The value added return is calculated for the period since the prior valuation day as the difference between the return of the redeemable shares after deducting all expenses other than the Performance fee, and the return of the risk free securities in the currency benchmark mix.

The cumulative value added return is calculated as the accumulation of the weekly value added returns since the inception of the Fund. The incremental value added return is calculated as the ratio difference between the cumulative value added return on the current valuation day and the cumulative value added return at which the last Performance Fee was charged within the previous 52-week period.

The incremental value added is calculated as the incremental value added return multiplied by the net asset value of the Fund after all subscriptions and redemptions on the prior valuation day. The incremental value added is taken as zero if the incremental value added return is negative.

During the year ended December 31, 2020, the Fund incurred management fees amounting to $1,216,005 (2019: $1,800,671) of which $134,853 (2019: $134,146) remained payable at year end as disclosed in Note 5.

During the year ended December 31, 2020, the Fund did not incur performance fees (2019: $nil).

## Note 8 - Dividend distribution policy

The Fund does not anticipate paying dividends, other than if required to do so in order to maintain the Reporting Fund Status designated by United Kingdom HM Revenue & Customs ("UK HMRC") or a similarly advantageous tax classification in another jurisdiction important to the Fund's shareholders. In the absence of such requirement, the Fund will retain all dividends, interest and other income derived from its assets, and this will be reflected in the Net Asset Value of the Fund.

For the year ended December 31, 2020, the Fund did not declare dividends (2019: $Nil).

**Note 9 - Income on subscriptions**

The income from subscriptions corresponds to the difference between the issue price and the net asset value per share. The issue price is rounded up to the next monetary unit. The transaction cost which is determined with reference to the underlying investment portfolio is currently set at 0.30% of the net asset value per share.

**Note 10 - Income on redemptions**

The income from redemptions corresponds to the difference between the redemption price and the net asset value per share. The redemption price is rounded up to the next monetary unit. The transaction cost which is determined with reference to the underlying investment portfolio is currently set at 0.30% of the net asset value per share.

**Note 11 - Risks associated with the investments and financial instruments held by the Fund**

**Associated risks:** The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following summary is not intended to be a comprehensive summary of all risks and investors should refer to the prospectus for a more detailed discussion of the risks inherent in investing in the Fund.

**Currency and exchange risk:** Currency exposures significantly influence global investment returns. Traditionally, investment managers consider the forecast combined return of an equity in its local currency, and the return of that currency relative to a Fund's base currency, when evaluating an investment in an equity. The Manager does not follow this traditional approach, but rather selects equities with forecast real returns in their local currencies considerably in excess of the real returns generally forecast for global equities. Should the Manager believe the future value of the associated currencies to be vulnerable, they are then hedged into currencies whose future values are expected to strengthen. Very often attractive equity investment opportunities are available in countries with vulnerable currencies. Hence the Fund's currency deployment will frequently differ significantly from its deployment of equities by country.

In attempting to meet the needs of disparate global investors who have differing domestic or reference currencies, and who recognize the need to generate returns not solely in their domestic currencies, but rather in a mix of the rest of the World's currencies, the Directors have defined a Currency Benchmark.

The weightings of the constituent currencies in this Currency Benchmark approximate the proportion of global trade made up by the countries in each currency block. These weightings may be altered from time to time by the Directors to reflect large shifts in the relative sizes of each currency block's significance in the MS World Index (MSWI) and in global trade.

The weightings of each currency block in the Currency Benchmark are as follows:

| | |
|---|---|
| US Dollar | 40% |
| Euro | 20% |
| UK pound | 10% |
| Japanese Yen | 10% |
| Singapore dollar | 10% |
| Swiss Franc | 5% |
| Canadian dollar | 2.5% |
| Australian dollar | 2.5% |

The Currency Benchmark represents a "neutral currency position" for the Fund. The Fund's currency deployment will deviate from this "neutral currency position" to the extent that the Manager actively chooses to overweight or underweight certain currencies and/or currency blocks. If the Manager is neutral on the relative attractiveness of all currencies, the Fund's currency deployment will be in-line with the weightings in the Currency Benchmark. It follows that the Fund's performance is most appropriately measured in terms of return and risk in Currency Benchmark units, and not in US dollars.

The Manager may seek to hedge against a decline in the value of the Fund's investments resulting from currency devaluations or fluctuations but only when suitable hedging instruments are available on a timely basis and on acceptable terms. There is no assurance that any hedging transactions engaged in by the Fund will be successful in protecting against currency devaluations or fluctuations.

The Fund is valued in US dollar and fluctuates in accordance with changes in the foreign exchange rates between the US dollar and other relevant currencies. Shareholders' investments in the Fund and cash distributions from the Fund are made in US dollars, and currency conversions are required prior to the Fund making portfolio investments and distributing any income and realization proceeds from the Fund investments. There can be no assurance that fluctuations in exchange rates do not have an adverse effect on the net asset value, on the funds available for investment after conversion of the US dollar proceeds of the Placing or on the distributions received by shareholders in US dollars after conversion of the income and realization proceeds from the Fund's investments (which are not necessarily denominated in US dollars).

| | Financial assets/ (liabilities) at fair value through profit or loss | Cash and deposit accounts and margin accounts | Other net liabilities | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2020** | | | | |
| Australia Dollar | 70,467 | - | - | 70,467 |
| British Pound | 1,857,801 | (443,588) | - | 1,414,213 |
| Canada Dollar | 3,973,049 | 370,493 | - | 4,343,542 |
| Chinese Yuan | 25,900 | - | - | 25,900 |
| Euro | 6,356,044 | (234,327) | - | 6,121,717 |
| Hong Kong Dollar | 12,637,544 | (622,457) | - | 12,015,087 |
| Indian Rupee | (14,359) | - | - | (14,359) |
| Indonesian Rupiah | 598,867 | - | - | 598,867 |
| Japan Yen | 1,917,610 | 284,006 | - | 2,201,616 |
| Mexican Peso | 18,176 | 22 | - | 18,198 |
| Philippine Peso | 199 | - | - | 199 |
| South African Rand | (8,222) | 592 | - | (7,630) |
| South Korean Won | 6,122,592 | - | - | 6,122,592 |
| Sweden Krona | 1,755,063 | - | - | 1,755,063 |
| Swiss Franc | 961,552 | 21,755 | - | 983,307 |
| Taiwan Dollar | 5,118,383 | 2,593,809 | - | 7,712,192 |
| US Dollars | 36,350,925 | 23,346,666 | (179,689) | 59,517,902 |
| | 77,741,591 | 25,316,971 | (179,689) | 102,878,873 |

| | Financial assets/ (liabilities) at fair value through profit or loss | Cash and deposit accounts and margin accounts | Other net assets | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2019** | | | | |
| Australia Dollar | 20,770 | 203,733 | - | 224,503 |
| British Pound | 1,300,751 | 1,000,061 | - | 2,300,812 |
| Canada Dollar | 4,788,578 | (1,044,487) | - | 3,744,091 |
| Euro | 5,239,962 | (5,471) | - | 5,234,491 |
| Hong Kong Dollar | 14,108,506 | 205,636 | - | 14,314,142 |
| Indian Rupee | 9,496 | - | - | 9,496 |
| Indonesian Rupiah | 1,930,068 | - | - | 1,930,068 |
| Japan Yen | 6,668,477 | 545,183 | - | 7,213,660 |
| Mexican Peso | 11,910 | 23 | - | 11,933 |
| Philippine Peso | 1,563,296 | - | - | 1,563,296 |
| South African Rand | (203,328) | 79,720 | - | (123,608) |
| South Korean Won | 2,380,169 | - | - | 2,380,169 |
| Sweden Krona | 1,693,862 | 532,817 | - | 2,226,679 |
| Swiss Franc | 544,956 | 300,589 | - | 845,545 |
| Taiwan Dollar | 2,067,789 | 5,061,839 | - | 7,129,628 |
| US Dollars | 32,051,115 | 15,833,400 | 43,160 | 47,927,675 |
| | 74,176,377 | 22,713,043 | 43,160 | 96,932,580 |

**Sensitivity Analysis:** At December 31, 2020 and 2019, had the US Dollar strengthened/weakened by 3% in relation to all currencies, with all other variables held constant, net assets attributable to holders of redeemable shares and the change in net assets attributable to holders of redeemable shares per the statement of comprehensive income would have increased/decreased by the amounts below:

| | |
|---|---|
| **2020** | **$** |
| Australia Dollar | 2,114 |
| British Pound | 42,426 |
| Canadian Dollar | 130,306 |
| Chinese Yuan | 777 |
| Euro | 183,652 |
| Hong Kong Dollar | 360,453 |
| Indian Rupee | (431) |
| Indonesian Rupiah | 17,966 |
| Japan Yen | 66,048 |
| Mexican Peso | 546 |
| Philippine Peso | 6 |
| South African Rand | (229) |
| South Korean Won | 183,678 |
| Sweden Krona | 52,652 |
| Swiss Franc | 29,499 |
| Taiwan Dollar | 231,366 |
| **Total** | **1,300,829** |

| | |
|---|---|
| **2019** | **$** |
| Australia Dollar | 6,735 |
| British Pound | 69,024 |
| Canadian Dollar | 112,323 |
| Euro | 157,035 |
| Hong Kong Dollar | 429,424 |
| Indian Rupee | 285 |
| Indonesian Rupiah | 57,902 |
| Japan Yen | 216,410 |
| Mexican Peso | 358 |
| Philippine Peso | 46,899 |
| South African Rand | (3,708) |
| South Korean Won | 71,405 |
| Sweden Krona | 66,800 |
| Swiss Franc | 25,366 |
| Taiwan Dollar | 213,889 |
| **Total** | **1,470,147** |

**Legal risk**: The offer and sale of the shares in certain jurisdictions may be restricted by law, and investment in the Fund involve legal requirements, foreign exchange restrictions and tax considerations unique to each investor.

The laws and regulatory apparatus affecting the economies and securities markets of most of the countries in which the Fund invests are in a relatively early stage of development in certain cases and are not as well established as the laws and the regulatory apparatus of regions such as Western Europe and the United States. There can be no assurance that the Fund is able to obtain effective enforcement of its rights by legal proceedings in a number of those countries.

**Interest rate risk:** Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Majority of the financial instruments (excluding cash and margin accounts) are non-interest bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature in the short term. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates and therefore, no sensitivity analysis is prepared.

**Liquidity risk:** The economies and securities markets of a number of the countries in which the Fund invests are substantially less developed in this regard than those of other geographical regions such as the United States and Western Europe, it may be considerably more difficult for the portfolio investments of the Fund to be liquidated than it would be based in more developed areas.

The following table details the Fund's exposure to liquidity risk:

| | Less than 1 month | 1- 6 months |
|---|---|---|
| | $ | $ |
| **2020** | | |
| Financial liabilities at fair value through profit or loss | - | 2,612,604 |
| Fees payable | - | 203,196 |
| Interest payable | - | 12,928 |
| | - | **2,828,728** |

| | Less than 1 month | 1- 6 months |
|---|---|---|
| | $ | $ |
| **2019** | | |
| Financial liabilities at fair value through profit or loss | - | 6,492,950 |
| Fees payable | - | 203,953 |
| Payable on securities purchased | 314,211 | - |
| | 314,211 | 6,696,903 |

**Political and economic risk:** The value of the Fund's assets and of an investment in the Fund may be adversely affected by changes in government policies, which may include changes in economic policy and taxation, restrictions on foreign investment and on foreign currency repatriation. Investments of the Fund may also be affected by any significant change in political, social or economic policy or circumstances in these markets.

**Credit risk:** Financial assets which potentially expose the Fund to credit risk consist principally of cash balances and deposits with and receivables from banks. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Fund's statement of financial position.

The Fund has prime brokerage agreements with brokerage firms to carry its accounts as a customer. The brokers have custody of the Fund's investments and, from time to time, cash balances which may be due from the brokers.

These securities and/or cash positions serve as collateral for any amounts due to broker or as collateral for the contract for difference, forward currency contracts, investments sold, not yet purchased or investments purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Fund.

The Fund is subject to credit risk to the extent that the broker may be unable to fulfill their obligations either to return the Fund's securities or repay amounts owed. In the normal course of its investment activities, the Fund may be required to pledge investments as collateral, whereby the prime brokers have the right, under the terms of the prime brokerage agreements, to sell or repledge the securities if the Fund is unable to meet its margin requirements.

It is the policy of the Fund to transact the securities and contractual commitment activity with brokers-dealers, banks and regulated exchanges that the Manager considers to be well established.

The Fund's cash and cash equivalent balances and securities are held with the Custodian and Prime Brokers. As of December 31, 2020 and 2019, the Custodian and Prime Brokers have a credit rating of A- with Standard & Poor's.

**Risks associated with Futures:**

In the normal course of the Fund's trading operations, it enters into futures contracts which, by their nature, are defined to have "off-balance sheet risk". Generally, these financial instruments represent contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organized market.

The futures contracts are collateralized by cash or marketable securities and changes in the futures contracts value are settled daily with the exchange. Market and credit risk arise in relation to these financial instruments.

Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. The Fund's exposure to market risk is determined by a number of factors, including market volatility. The Manager monitors the Fund's exposure to market risk.

Credit risk represents the potential loss that the Fund would incur if the futures contract counterparts failed to perform pursuant to the terms of their obligations to the Fund. The Fund conducted its futures contracts with UBS AG, Zurich.

**Price risk:** If the market price of underlying investments at December 31, 2020 had increased/decreased by 5% with all other variables held constant, this would have increased/ decreased net assets attributable to holders of participating redeemable shares by approximately US$3,887,080 (2019: $3,708,819).

The commitments on futures at December 31, 2020 and 2019 can be summarized as follows:

| | Commitment on Commodity Futures | Commitment on Financial Futures Index |
|---|---|---|
| | $ | $ |
| **2020** | (6,558,695) | (22,285,805) |
| **2019** | 1,273,183 | (64,568,893) |

**Pandemic risk:** The global markets are still dealing with the ongoing impact of the public health condition known as coronavirus (COVID-19). This situation continues to be fluid and the extent of the impact will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the repercussions on the financial markets of restrictions and advisories related to containing the outbreak, (iii) the effects on the economy overall, all of which are highly uncertain and cannot be predicted, and (iv) the successful rollout of vaccination programmes across the global population. If the COVID-19 outbreaks continue for an extended period of time, the Fund's investments and performance may be adversely affected.

**Fair value estimation**

As per IFRS 7, the Fund is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

***Level 1***

Quoted prices (unadjusted) in active markets for identical assets or liabilities Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, most exchange traded derivatives, many US government treasury bills and certain non-US sovereign obligations. The Fund does not adjust the quoted price for these instruments.

***Level 2***

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

***Level 3***

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value at December 31, 2020 and 2019:

| 2020 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 55,142,272 | - | - | 55,142,272 |
| - Commodity | 14,268,190 | - | - | 14,268,190 |
| - Depositary Receipt | 8,051,636 | - | - | 8,051,636 |
| Derivatives | | | | |
| - Contract for difference | - | 1,880,127 | - | 1,880,127 |
| - Forwards | - | 627,186 | - | 627,186 |
| - Futures | 384,784 | - | - | 384,784 |
| **Total assets** | **77,846,882** | **2,507,313** | **-** | **80,354,195** |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Equity securities | 1,294,935 | - | - | 1,294,935 |
| Derivatives | | | | |
| - Contract for difference | - | 855,686 | - | 855,686 |
| - Forwards | - | 161,182 | - | 161,182 |
| - Futures | 300,801 | - | - | 300,801 |
| **Total liabilities** | **1,595,736** | **1,016,868** | **-** | **2,612,604** |

| 2019 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 55,472,130 | - | - | 55,472,130 |
| - Commodity | 11,403,894 | - | - | 11,403,894 |
| - Hedge Fund | - | 4,228,823 | - | 4,228,823 |
| - Depositary Receipt | 7,374,084 | - | - | 7,374,084 |
| Derivatives | | | | |
| - Contract for difference | - | 1,885,790 | - | 1,885,790 |
| - Forwards | - | 164,145 | - | 164,145 |
| - Futures | 140,461 | - | - | 140,461 |
| **Total assets** | **74,390,569** | **6,278,758** | **-** | **80,669,327** |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Equity securities | 2,751,551 | - | - | 2,751,551 |
| Derivatives | | | | |
| - Contract for difference | - | 2,464,632 | - | 2,464,632 |
| - Forwards | - | 624,824 | - | 624,824 |
| - Futures | 651,943 | - | - | 651,943 |
| **Total liabilities** | **3,403,494** | **3,089,456** | **-** | **6,492,950** |

***Transfers between Level 1 and Level 2***

There were no transfers between Level 1 and Level 2.

**Offsetting and amounts subject to master netting arrangements and similar agreements**

As of December 31, 2020 and 2019, the Fund was subject to a master netting arrangement with its derivative counterparty. All of the derivative assets and liabilities of the Fund are held with these counterparties and the margin balance maintained by the Fund is for the purpose of providing collateral on derivative positions.

The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

| Description | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities set-off in the statement of financial position | Net amounts of financial assets presented in the statement of financial position | Related amounts not set-off – financial instruments | Related amounts not set off – cash collateral | Net amount |
|---|---|---|---|---|---|---|
| 2020 derivative assets | 2,892,097 | - | 2,892,097 | (1,317,669) | - | 1,574,428 |
| 2019 derivative assets | 2,190,396 | - | 2,190,396 | (2,190,396) | - | - |

| Description | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set-off in the statement of financial position | Net amounts of financial liabilities presented in the statement of financial position | Related amounts not set-off – financial instruments | Related amounts not set off – cash collateral | Net amount |
|---|---|---|---|---|---|---|
| 2020 derivative liabilities | (1,317,669) | - | (1,317,669) | 1,317,669 | - | - |
| 2019 derivative liabilities | (3,741,399) | - | (3,741,399) | 2,190,396 | 1,551,003 | - |

**Note 12 - Related parties**

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 is managed by the Manager under the terms of the Management Agreement dated January 26, 1996, under which the Manager provides investment management to the Fund. The Manager receives from the Fund in return, fees based on the net asset value of the Fund as disclosed in Note 7.

Parties related to the Fund held shares during the year as follows:

| | 2020 | 2019 |
|---|---|---|
| Opening balance | 148,681.16 | 139,210.14 |
| Issuance | 48,435.01 | 9,471.02 |
| Redemption | (3,500.00) | - |
| Closing balance | 193,616.17 | 148,681.16 |

The Fund had an investment in Vantage World Equity Fund (a related party under common directorship and manager) ("VWEF"). On June 11, 2020, the Directors of VWEF resolved to voluntarily wind-up VWEF. The share of the Fund in the Net Asset Value of VWEF before final distribution was $3,729,871.

The total directors' fees incurred and paid for the year ended December 31, 2020 was $12,500 (2019: $12,927). The said fees are included in "other commissions and fees" in the statement of comprehensive income.

**Note 13 - Share Capital**

The authorized share capital of the Fund is US$50,000 divided into two classes, namely 100 Founders Shares of US$ 1 par value each, and 4,999,900 redeemable shares of US$ 0.01 par value each (the "Shares").

Founder shares have been issued to Vantage Holdings Ltd. These voting shares do not participate in the investment gain or loss of the Fund, do not receive dividends, and may not be redeemed unless all other Shares in the Fund have been redeemed, and then only at par value.

The redeemable shares are non voting shares and when issued are entitled to participate equally in the profit and dividends, if any, of the Fund and in the capital and assets allocable by the Fund to the shares upon liquidation.

Investors subscribing for Shares pay the Subscription Price. The Subscription Price is calculated by the Administrator on the Calculation Day, and corresponds to the Net Asset Value per Share on the Valuation Day plus the Transaction Cost.

Investors redeeming Shares receive the Redemption Price. The Redemption Price is calculated by the Administrator on the Calculation Day, and corresponds to the Net Asset Value per Share on the Valuation Day less the Transaction Cost.

**Note 14 – Employees**

As of December 31, 2020 and 2019, the Fund had no employees.

**Note 15 - Post balance sheet events**

There were no material post balance sheet events which have a bearing on the understanding of the financial statements other than those mentioned in the following paragraph.

Effective January 1, 2021, the Fund is priced, and shares are offered and redeemed on a monthly basis. All income and charges of the Fund is comprehensively accounted for and reflected in the monthly pricing of the Fund.

Subsequent to year end through the date of the authorization of the financial statements, the Fund had capital subscriptions and capital redemptions of $328,275 and $794,396, respectively.