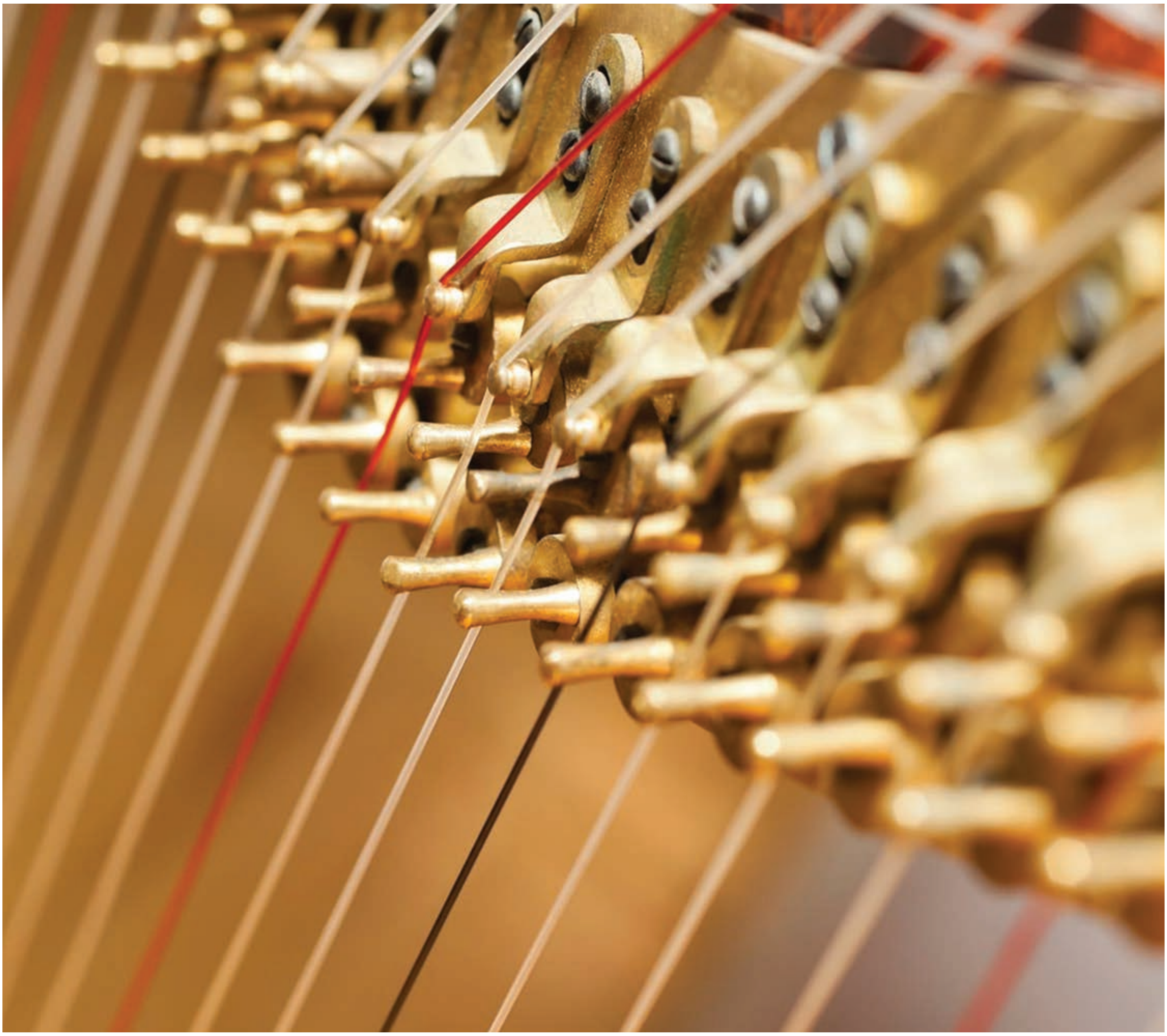
Highbridge Tactical Credit Fund Limited

Annual Report and Financial Statements for the year ended 31 December 2020



HIGHBRIDGE

J.P.Morgan
Asset Management

Strategic Report

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Statement of Directors' Responsibilities

Independent Auditor's Report

Audited Financial Statements

Shareholder Information

Strategic Report

SUMMARY OF RESULTS

	31 December 2020	31 December 2019
Key Figures[1]		
Sterling Ordinary Share price increase/(decrease)	27.72%	(10.79%)
NAV per Ordinary Share increase/(decrease)	17.78%	(1.32%)
Annualised Sterling NAV return (since inception)[2]	6.98%	6.17%
Underlying Fund Key Figures[3]		
Sharpe Ratio	1.53	1.44
Beta to FTSE 100[4]	0.13	0.09
of the volatility of the FTSE 100[4]	1/3	1/3
Beta to Barclays Aggregate[5]	0.03	(0.26)
Beta to S&P 500[5]	0.15	0.09

Highbridge Tactical Credit Master Fund, L.P. (formerly: 1992 Tactical Credit Master Fund, L.P.) (the "Underlying Fund") was launched in November 2013. Underlying Fund returns are net of 2% management fee, 20% incentive compensation, and actual fund expenses. Inception to date performance statistics for the Underlying Fund are: 71.48% cumulative net return, 7.82% annualised net return, 5.32% annualised volatility, (9.44%) maximum drawdown and 1.26 Sharpe Ratio.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Subsequent factors, including but not limited to, changes in market conditions, interest rates and other economic, political or financial developments, including those related to COVID-19, will impact future performance, possibly significantly. There can be no assurance that the Underlying Fund's objectives will be realised or that the Underlying Fund will not experience losses.

A glossary which explains the calculation of these statistics is provided at the end of this report on pages 55 and 56.

1. Information is for Highbridge Tactical Credit Fund Limited (the "Company") as at 31 December 2020.
2. This alternative performance measure ("**APM**") is provided for shareholders information in addition to the Financial Statements starting on page 35. Shareholders should base their assessment of the financial performance of the Company on the information contained in the Financial Statements. Data used (NAV at inception £1.00. Periods since inception 14.6 years).
3. Information is for Highbridge Tactical Credit Master Fund, L.P. (formerly: 1992 Tactical Credit Master Fund, L.P.) (the "**Underlying Fund**") managed by Highbridge Capital Management, LLC ("Highbridge" or the "Investment Manager") for the period between 1 March 2016 and 31 December 2020. The performance depicted is not solely the performance of a standalone Highbridge Fund. The performance incorporates numbers based on the trading P&L of the Convertible Credit & Capital Structure Arbitrage Allocation within the Highbridge Multi-Strategy Fund (the "Highbridge Multi-Strategy Fund Allocation") from 1 January 2012 to 31 October 2013. To generate the estimated returns, the Investment Manager has made assumptions on the amount of capital that would be required to support the strategy in a single strategy fund based on its view of the strategy's risk profile. Pro forma returns are shown net of a 2% management and 20% incentive compensation and 0.4% of estimated expenses. The Underlying Fund is managed by the same team of professionals that managed the Highbridge Multi-Strategy Fund Allocation, which followed a substantially similar investment strategy. The Underlying Fund was launched in November 2013. Actual Underlying Fund returns are shown beginning on 1 November 2013. Underlying Fund returns are presented net of a pro forma 2% management fee, 20% incentive compensation and 0.4% of fund expenses. Certain recent performance estimated and unaudited. Note: The Underlying Fund was launched in November 2013. Underlying Fund returns are net of 2% management fee, 20% incentive compensation, and actual fund expenses.
4. Index Source: FTSE International Limited ("FTSE") © FTSE 2017. "FTSE ®" is a trademark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.
5. Index Source: Bloomberg

Note: All index performance information has been obtained from third parties and should not be relied upon as being complete or accurate. Indices are shown for comparison purpose only. While an investor may invest in vehicles designed to track certain indices, an investor cannot invest directly in an index. Indices are unmanaged, do not charge fees or expenses, and do not employ special investment techniques such as leverage or short selling.

Vic Holmes
Chairman

As you are aware at an Extraordinary General Meeting ("EGM") of the Company held on 18 December 2020, shareholders voted to discontinue the Company in its current form. The wind down process has started.

Wind down process

The redemption proceeds from Highbridge Tactical Credit Fund, Ltd. ("TCF Feeder") are expected to be received quarterly with the first of the four redemption amounts having been received in mid-February 2021 (as a result of a redemption order placed in October 2020), with the final payment due in mid-November 2021. At the time of this report there remains uncertainty on the timings of the receipt of the final amounts due from MSF Corp and the AllBlue Funds. It should be noted that any future distributions from Highbridge Multi-Strategy Master Fund, L.P will be by way of a transfer to TCF Feeder which means that future redemption proceeds from this source will also be received quarterly by the Company over a one year period, with the first redemption amount falling due approximately 45 days from the dealing day after the relevant redemption order has been accepted by the TCF Feeder. In other words, it is highly likely that there will still be amounts due to investors post November 2021, when it is expected that the Company will hold its AGM.

Highbridge Multi-Strategy Master Fund, L.P ("HMS Master Fund ")

In 2019 HMS Master Fund began being managed towards liquidation. The Investment Manager has made meaningful progress managing down exposure in the HMS Master Fund.

During January 2021, the Company received a further distribution from MSF Corp, bringing total distributions received since the beginning of MSF Corp's liquidation process in mid-June 2019, to slightly over 94%.

AllBlue

The Board received an updated Liquidators' report for AllBlue and AllBlue Leveraged dated 9 October 2020. The report cites that there are no distributions planned for the foreseeable future. Future distributions are dependent upon the successful realisation of the remaining assets held by AllBlue and AllBlue Leveraged.

In a press release on 8 December 2020, the U.S. Securities and Exchange Commission (the "SEC") announced that BlueCrest Capital Management Limited had agreed to pay US$170 million to settle charges arising from inadequate disclosures, material misstatements and misleading omissions concerning the transfer of top traders from its flagship client fund, and replacement of those traders with an underperforming algorithm. It is the intention that the SEC will distribute the US$170 million to affected investors. In that regard, the SEC recently announced that the Enforcement Division had been granted until 31 August 2021 to agree the distribution plan with the appointed administrator.

Your Board has been in contact with the joint Liquidators of the AllBlue funds to ensure that they were aware of the press release and they responded by advising that they would revert when they had more information. We will share any updates by way of announcements as and when they are received.

Performance

The Company delivered an impressive uplift in NAV per share during the 12 months to 31 December 2020, with the NAV per share increasing to £2.5009 from £2.1233 at the beginning of the year, a 17.78% increase and it has continued to perform well so far during 2021.

Going forward

Your Board has decided to retain the Company's listing on the London Stock Exchange for the foreseeable future primarily to facilitate future distributions. Retention of the listing avoids the need for Praxis Fund Services Limited (the "Administrator", the "Secretary" or "PraxisIFM") to assume responsibility for anti-money laundering, which would necessitate gathering all necessary supporting documentation from investors before making future distributions.

Furthermore, we decided to discontinue with the production of weekly estimated NAVs in the interests of keeping ongoing costs to a minimum.

Summary

Your Board is committed to returning all monies to investors and creditors as soon as practicable. We will provide updates from time to time on the progress made during 2021.

Whilst your Board firmly believes that the investment opportunity offered by the Company merits a place in the portfolios of investors, based on its performance alone, the impact of COVID-19 curtailed our ability to market the Company when it most needed to be marketed.

Finally, I would like to thank everyone who has worked hard to provide every opportunity for the Company to survive. Special mention should be made to the Investment Manager and finnCap (the "Corporate Brokers") for their efforts and of course to my fellow directors who always do their best to serve the interests of shareholders.

Vic Holmes
Chairman 20 April 2021

This commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of investing in the Company. The commentary is provided as a source of information for shareholders of the Company but is not attributable to the Company.

MSF Corp

In early January 2021, the MSF Corp returned approximately 10% of investors' remaining capital by way of cash proceeds or transfers into TCF Feeder. Since we began the MSF Corp's liquidation process in mid-June 2019, we have been able to return slightly over 94% of investors' 30 September 2019 capital balance.

Distributable proceeds were a result of realisations achieved during Q4 2020 as we continue to work to unwind the last remaining holdings within HMS Master Fund. The remaining positions in the portfolio consist primarily of a few less liquid credit exposures which are actively managed by our ongoing credit team. We are very actively focused on sourcing liquidity for the remainder of the portfolio and believe there are some potential near-term liquidity events on the horizon. However, due to the nature of these investments, it is difficult to give an exact estimate of the timing and size of subsequent distributions, but we are working hard to get the balance of the capital back to investors in an orderly fashion. Further, we remain cognizant of the continued uncertainty presented by COVID-19 and its potential impact on markets.

Underlying Fund

For the fourth quarter and full year, the Underlying Fund generated strong absolute and risk-adjusted returns.

Today, the Underlying Fund sits at a nexus of capital market activity, in our view, driven by a convertible debt market renaissance, a hyperbolic growth trajectory for the special purpose acquisition company (SPAC) market, and unprecedented capital needs among public middle market companies. In addition, in our opinion, corporate action activity and under-the-radar distressed events are plentiful. This convergence of credit and volatility investment opportunities has occurred simultaneously with a reduction in hedged credit investor competition. For these reasons, and notwithstanding 2020's NAV appreciation, we maintain conviction in the Underlying Fund's risk-reward profile, while acknowledging that economic uncertainty persists due to the ongoing pandemic.

We have often characterised the Underlying Fund's return stream as episodic and alpha-centric. The Underlying Fund's historic value creation capability can be seen when: (1) other market participants largely ignored the intrinsic value that we and our investment team identified; and (2) key events unfolded as anticipated and for which the Underlying Fund was properly positioned.

We want to emphasise that while we grew the Underlying Fund's balance sheet in March and April, we have subsequently taken steps to constrain market-sensitive risk, especially in the third and fourth quarters of 2020. This decision reflects our view that many investors are complacent and may be mispricing certain risks.

As we consider the Underlying Fund's opportunity set, we find it helpful to review broad portfolio characteristics, such as the Underlying Fund's implied credit spread ("ICS"), as well as less quantifiable metrics like corporate action opportunity or demand for the Underlying Fund's statement of financial position.

- As of year-end, the Underlying Fund's unlevered ICS is L+730, which we view as attractive on both an absolute basis and relative to the current market opportunity. Undeniably, the Underlying Fund's ICS has compressed versus its widest point earlier in the year. We want to underscore, however, that we believe that the historically wide ICS we saw in the spring and early summer is not necessary to achieve our investment goals. Additionally, the Underlying Fund's sub-strategy mix will impact its aggregate ICS, as investments in our Volatility Strategies sub-strategy tend to have tighter credit spreads (but provide for long volatility characteristics). In turn, quantified at the sub-strategy level, the Underlying Fund's U.S. & European Mid-Cap Convertible Credit, Event Credit and Income-Oriented sleeves have a year-end ICS (in the former two cases) and yield-to-maturity (in the latter case) of L+762, L+1,014, and 11.83%, respectively. The Underlying Fund's Volatility Strategies sub-strategy's year-end ICS is L+425, which widened from L+382 at November month-end.

- The Underlying Fund's portfolio remains corporate action rich. These events include our execution of privately negotiated debt-for-equity and debt-for-debt exchanges as well as the occurrence of asset sales, M&A financings, and other idiosyncratic developments among the Underlying Fund's holdings and for which the Underlying Fund was positioned to profit. This outcome is consistent with what we discussed in our previous reports. We intend to aggressively pursue such opportunities.
- We see high demand for the Underlying Fund's balance sheet across a range of capital solutions. First, COVID-19-related disruptions and the potential associated revenue shortfalls are likely to drive primary convertible debt issuance volumes. Second, the unprecedented growth in the SPAC market and the capital needed to finance business combinations, which we distinguish from SPAC IPOs, presents the Underlying Fund with a new universe of investment opportunities. Within the Underlying Fund we intend to introduce asymmetric acquisition financing solutions such as convertible notes. Third, today, speaking with management teams, we see many borrowers that are now more comfortable operating in the current pandemic environment and predicting their businesses' cash flows. In turn, we see more opportunities to help companies to structure senior secured, high coupon, covenant-containing debt for us to invest in than we did six months ago. This capital is sought for liability management exercises, growth capex purposes, or M&A (i.e., none are distressed capital needs). The diverse demand for the Underlying Fund's balance sheet comes at a time when many of our peers have closed or retrenched. Moreover, given our public middle market focus, we have not seen direct lenders that "service" private equity provide competing solutions. In sum, we view this supply-demand balance to be favourable for our negotiating position.

Generally speaking, we believe that current market conditions are favourable for hedge funds. Trading volumes and volatility remain elevated, providing ample trading opportunities. We believe that our relative value investment approach is well-designed for these current market conditions. Specifically for the Underlying Fund, the buoyancy and growth of the convertible debt and SPAC markets provide the Underlying Fund a far wider investment landscape than it had historically. As a result, we believe that the Underlying Fund now has more investment levers than ever before. Most evident, strong convertible debt primary issuance volume is a source for new ideas, a driver of trading opportunities, and a constraint on secondary market security "richening". In fact, the convertible debt market's relative attractiveness versus U.S. high yield credit corroborates this last phenomenon, in our opinion.

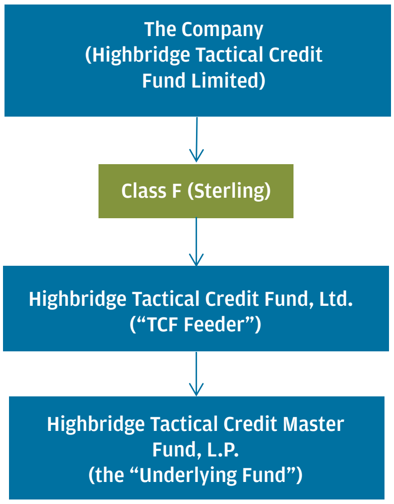
It is with very mixed emotions that we write this report. On the one hand, we are proud to report strong 2020 and long-term returns, as well as the existence of a portfolio that we believe has both substantial embedded value and a compelling go-forward opportunity set. On the other hand, many of the Underlying Fund's investment opportunities, whether driven by a borrower's capital need or security price volatility, are the direct result of the COVID-19 pandemic, which has caused so much pain for so many people. We remain very cognizant of this fact. Notwithstanding the cause of the Underlying Fund's investment opportunities, we recognize the importance of preserving and growing capital in a period of tremendous uncertainty and we, and our team, remain resolved to work tirelessly on investors' behalves, seeking to effectuate these goals.

Highbridge Capital Management, LLC April 2021

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. There can be no assurance that the Underlying Fund's objectives will be realized or that the Underlying Fund will not experience losses. Subsequent factors, including but not limited to, changes in market conditions, interest rates and other economic, political or financial developments, including those related to COVID-19, will impact future performance, possibly significantly. The Underlying Fund is an actively managed portfolio; holdings, sector weightings, allocations and leverage are subject to change. This material is provided for illustrative purposes only and represents subjective opinions and views as of the date hereof subject to change depending on market environment. Certain of the information provided has been based on or derived from information provided by independent third party sources. These sources are considered reliable; however, the Underlying Fund cannot guarantee the accuracy of and has not independently verified such information. The information is not intended to provide and should not be relied on for legal, accounting or tax advice.

The Company is a Guernsey domiciled closed-ended investment company listed on the Premium Segment of the Official List of the Financial Conduct Authority and traded on the Main Market of the London Stock Exchange with net assets of approximately £57.8 million[1].

Structure diagram



Company wind-down

Following the compulsory redemption of a number of the Company's former Shareholders pursuant to the cash exit offers that were carried out in August 2019 and September 2019, the Net Asset Value of the Company decreased from £228.5 million as at 30 June 2019 to £57.8 million as at 31 December 2020. The Net Asset Value as at 26 February 2021 (the most recent practicable date) was £48.03 million (the decrease in Net Asset Value is due to the return of capital to shareholders on 25 February 2021 of £13.63 million by way of a compulsory partial redemption of Ordinary Shares).

At the end of 2019 the Board implemented an aggressive cost reduction programme to mitigate the impact of the reduced asset base on the Company's total expense ratio. The Board also set a target to rebuild the Company's Net Asset Value to £80 million before the end of 2020 and to achieve that target the Board needed to eliminate the share price discount to NAV.

Unfortunately, the Board were not able to eliminate the share price discount as required in order to rebuild the Company's Net Asset Value to £80 million despite delivering double digit performance in 2020, a challenging year for equity markets.

The Company's Articles required the Board to propose a discontinuation resolution in the event that the Company's Net Asset Value was less than £80 million as at 31 December 2020. In light of the fact that the Company's NAV was considerably below this figure, and that further fundraising was not possible, the Board decided to hold an EGM to consider the discontinuation resolution during December 2020.

At the Extraordinary General Meeting ("EGM") held on 18 December 2020, the Board received Shareholder approval for the Company to cease to continue in its current form and enter a managed wind-down in accordance with the procedure set out in article 138 of the Articles.

[1] As of 31 December 2020 net of all applicable fees and expenses. Shareholders should note that past performance is not necessarily indicative of future results and that there can be no assurance that the Company's and/or the Underlying Fund's return objectives will be realised or that the Company and/or the Underlying Fund will not experience losses.

Investment Objective and Policy

Prior to the EGM held on 17 September 2019 the Company's investment policy reflected its investment in Highbridge Multi-Strategy Fund Corporation ("MSF Corp"). Consequently, on the 17 September 2019, the Board received Shareholder approval for the new investment policy (the "Investment Policy") set out below.

The Company's investment objective is to seek to provide positive returns with low volatility through an investment policy of investing predominantly in the Underlying Fund through the TCF Feeder or any successor vehicle of TCF Feeder. Accordingly, the Company's published investment policy is consistent with that of the Underlying Fund. In accordance with the winding up process described in the December 2020 EGM Circular, the Company has given notice to redeem the second of the four quarterly redemption requests required to redeem the entire holding in TCF Feeder (and thereby the Underlying Fund). However, the Company remains exposed to the performance of the Underlying Fund as the terms of its investment into TCF Feeder restrict redemption to 25% of the holding each quarter.

About the Underlying Fund

The Underlying Fund is a private, multi-strategy credit investment fund managed by the Investment Manager. The principal investment objective of the Underlying Fund is to achieve a positive return on capital. The investment team seeks to achieve this objective by applying fundamental credit research combined with intra-capital structure hedging strategies to select credit-sensitive investment opportunities. The Underlying Fund invests in convertible securities, non-convertible bonds and loans, preferred and common equity securities, and warrants, options, and other derivatives as well as other instruments. The Underlying Fund invests in global markets with a focus on North America and Europe. Typically, the Underlying Fund purchases convertible bonds, non-convertible bonds or loans, or other securities along with one or more other instruments, including any of the following, as a hedge: stocks, options, bonds, credit derivatives, interest rate swaps, treasuries and interest rate futures.

It currently invests across six sub-strategies including: (i) Volatility strategies; (ii) US & European Mid-Cap convertible credit; (iii) capital structure arbitrage; (iv) event credit; (v) income investments; and (vi) distressed credit and reorganised equities. The Underlying Fund will invest in at least three sub-strategies at any given time. In January 2021, the Underlying Fund started classifying SPAC Investments as a separate sub-strategy. Previously, SPAC exposures had been included in the Volatility Strategies sub-strategy.

In particular, the Underlying Fund seeks to generate positive absolute returns from idiosyncratic, company-specific opportunities while systematically hedging interest rate exposure, with a target duration of zero, and limiting the impact of broad, directional moves in credit and equity markets and aiming to maintain low volatility.

Key Features of the Underlying Fund

Strong Track Record

- Strong absolute returns with low volatility and low beta to broad markets
- Demonstrated ability to preserve capital

Multi-Strategy Approach – Dynamically Invest Across Multiple Opportunity Sets

- Allocate across six distinct sub-strategies, including relative value, income, distressed, and event investments
- Combine relative value investing with an appreciation for fundamental credit underwriting and transaction and process experience
- Relative value investments are frequently hedged intra-capital structure, driven by the investment team's fundamental view
- Positioned to navigate a company's life-cycle and market cycles
- Diversified industry sectors, investing primarily, across North America and Europe

Focus On Underserved & Inefficient Public Company Credit Markets	• Target a less competitive investment universe, leveraging nimble size • Differentiated healthcare exposure, focused on credit underwriting and not 'science risk'
Corporate Actions Focus	• Target securities that are, in Highbridge's view, ripe for corporate actions, with the goal of driving alpha • Examples include: debt buy-backs, exchanges, rights offerings, mergers and acquisitions, restructurings, etc • Corporate actions are a key driver of returns historically
Disciplined Risk Management	• Seeks to hedge unwanted credit, equity, rates and commodity exposures • Dedicated analytical support

About Highbridge

Highbridge was founded in 1992 as one of the industry's first multi-strategy hedge fund managers. Highbridge has approximately US$2.7 billion in assets under management and staff of over 40 employees, including approximately 12 investment professionals, with an office in New York and a research presence in London. Highbridge established a strategic partnership with J.P. Morgan Asset Management Limited ("JPMAM") in 2004. Highbridge is a subsidiary of JPMAM, which is itself a subsidiary of JPMorgan Chase & Co. (together with its affiliates, "JPM"). JPMAM is a leading investment and wealth management firm, operating across the Americas, EMEA (Europe, Middle East and Africa), and Asia in more than 30 countries, with assets under management of US$2.7 trillion.

Highbridge is solely responsible for all investment, capital allocation and risk management decisions for the Underlying Fund which are independent of JPMAM. Highbridge is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended.

In addition to managing the Underlying Fund, Highbridge has also been appointed as the investment manager of the Company. As part of these investment management arrangements, JPMAM provides certain support services to the Company as a delegate of Highbridge, including the provision of shareholder relations, public relations and Board support. Neither Highbridge nor JPMAM receives a fee directly from the Company in relation to these services.

MSF Corp

In June 2019, Highbridge announced its decision to refocus its business around its credit strategies, including the Underlying Fund and certain other credit-focused funds. As part of this refocus, Highbridge commenced winding down certain of its funds, including MSF Corp in which the Company was invested. Investors in MSF Corp were given the option to either transfer their investment, in whole or in part, in MSF Corp to TCF Feeder or receive a return of capital, over time. The Company, at the election of its Shareholders, chose to transfer a portion of its investment in MSF Corp to TCF Feeder over time. The Company will have an investment in MSF Corp unless it has been fully liquidated. Redemption proceeds from MSF Corp will continue to convert into holdings of TCF Feeder until the Investment Manager decides to waive this requirement for all former MSF Corp shareholders who made conversion elections. These TCF Feeder holdings will in turn need to be redeemed in four quarterly installments over a one year period.

In connection with the restructuring of Highbridge discussed above, HMS Master Fund is being managed towards liquidation. Highbridge have made meaningful progress managing down exposure in the HMS Master Fund and returning investor capital. The vast majority of HMS Master Fund's exposure across its global equity oriented books was unwound very early in this process resulting in nominal performance attribution from those strategies.

AllBlue

The Company was informed on 1 December 2015 that, effective 4 January 2016, AllBlue and AllBlue Leveraged were being redeemed from their seven underlying funds and were compulsorily redeeming the holdings of all investors, including the Company. The Company retains a creditor interest equivalent to the value of its outstanding holding in AllBlue and AllBlue Leveraged. This is measured by reference to the valuation statements received from the Liquidators of AllBlue and AllBlue Leveraged, although it should be noted that the latest financial figures available are the audited financial statements as at 31 July 2018. The Board received an updated Liquidators' report for AllBlue and AllBlue Leveraged dated 9 October 2020. The report cites that there are no distributions planned for the foreseeable future. Future distributions are dependent upon the successful realisation of the remaining assets held by AllBlue and AllBlue Leveraged. Whilst progress has been made to enable the sale of one of the largest illiquid assets in the AllBlue funds the Directors are not aware of the timescale for the sale at this point. Due to the uncertainties surrounding the assets, there is no estimate of the timing or amount of potential future distributions, or the expected timing of the conclusion of the liquidations. Further information about the proceeds returned to the Company is available in Note 8 to the Financial Statements.

In a press release on 8 December 2020, the SEC announced that BlueCrest Capital Management Limited agreed to pay US$170 million to settle charges arising from inadequate disclosures, material misstatements and misleading omissions concerning the transfer of top traders from its flagship client fund, and replacement of those traders with an underperforming algorithm. It is the intention that the SEC will distribute the US$170 million to affected investors and a plan of distribution is scheduled to be published by 31 August 2021.

Your Board has been in contact with the joint Liquidators of the AllBlue funds to ensure that they were aware of the press release and they responded by advising that they would revert when they had more information. We will share any updates by way of announcements as and when they are received.

Governance

At 31 December 2020 the Company had three directors (the "Directors"), all of whom were non-executive. All directors held office throughout the reporting year and held office at the date of this report except as indicated. All directors were members of the Audit Committee.

Vic Holmes, Chairman of the Board and the former Chairman of the Nomination Committee, is an independent director of a diverse range of companies involved in various aspects of the Finance Sector. He was chief executive of Northern Trust's Channel Islands businesses until he retired from full time employment in November 2011. He held chief executive and chairman roles for a period of 21 years, initially for a Baring Asset Management subsidiary in Ireland from 1990 to 2003, followed by a two year stint as chairman of all Baring Asset Management fund administration companies in five jurisdictions. He then worked as country head for Northern Trust in Ireland from 2005 to 2007 and then moved back to Guernsey in 2008 with Northern Trust. He has extensive Board room experience which has been gained first hand as a director of multiple finance-related companies over a 30 year period. He is a fellow of the Association of Chartered Certified Accountants. He is resident in Guernsey.

Steve Le Page, Chairman of Audit Committee, retired from partnership with PwC in the Channel Islands in September 2013 and joined the Board in June 2014. His career at PwC spanned 33 years, during which time he was partner in charge of their Assurance and Advisory businesses for ten years and Senior Partner for five years. In these executive positions he led considerable change and growth in that firm and also helped fund Boards deal with regulatory and reporting issues. His experience spans initial listings, ongoing governance and reporting, continuation and going concern and winding up of listed and unlisted entities. He is a Chartered Accountant and a Chartered Tax Advisor and he has a number of non-executive roles. He is resident in Guernsey.

Paul Le Page, Senior Independent Director and former Chairman of the Risk Committee. He was formerly employed as an executive director of Man Group PLC's Guernsey Investment and Fund Management subsidiaries where he was responsible for oversight of the Guernsey Licensed Investment Management businesses and the management of hedge fund portfolios which spanned the full universe of alternative investment strategies. He was also a director of a large number of group fund structures. This enables him to review and assess the performance and risk of the Company in an independent objective manner. He has spent the last 17 years acting as an independent non-executive director of a variety of LSE listed investment companies operating in the alternative investment sector and has experience in multiple board roles covering investment, risk and financial reporting oversight. He originally trained and qualified as an engineer and led the design development and manufacture of robotic immunoassay diagnostic equipment and software before switching into finance when he completed his MBA in 1999. He is resident in Guernsey.

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 December 2020 (the "Financial Year").

A description of important events which have occurred during the Financial Year, their impact on the performance of the Company as shown in the Financial Statements (on page 35) and a description of the principal risks and uncertainties facing the Company, together with an indication of important events that have occurred since the end of the Financial Year and the Company's likely future development is given in this Report, the Chairman's Statement and the notes to the Financial Statements and are incorporated here by reference.

Company wind-down

Following the compulsory redemption of a number of the Company's former Shareholders pursuant to the cash exit offers that were carried out in August 2019 and September 2019, the Net Asset Value of the Company decreased from £228.5 million as at 30 June 2019 to £57.76 million as at 31 December 2020. The Net Asset Value as at 26 February 2021 (the most recent practicable date) was £48.03 million (the decrease in Net Asset Value is due to the return of capital to shareholders on 25 February 2021 of £13.63 million by way of a compulsory partial redemption of Ordinary Shares).

At the end of 2019 the Board embarked on an aggressive cost reduction programme to mitigate the impact of the reduced asset base on the Company's total expense ratio. The Board also set a target to rebuild the Company's Net Asset Value to £80 million before the end of 2020 and to achieve that target the Board needed to eliminate the share price discount to NAV. Unfortunately, the Board were not able to eliminate the share price discount as required in order to rebuild the Company's Net Asset Value to £80 million despite delivering double digit performance in 2020, a challenging year for equity markets.

The Company's Articles required the Board to propose a discontinuation resolution in the event that the Company's Net Asset Value was less than £80 million as at 31 December 2020. In light of the fact that the Company's NAV was considerably below this figure, and that further fundraising was not possible, the Board decided to hold an EGM to consider the discontinuation resolution during December 2020.

At the EGM held on 18 December 2020, the Board received Shareholder approval for the Company to cease to continue in its current form and enter a managed wind-down in accordance with the procedure set out in article 138 of the Articles.

Management of the Company

Investment Manager

On 29 February 2016, Highbridge was appointed as Investment Manager to the Company. The principal responsibilities of the Investment Manager under the Investment Management Agreement are:

- to provide portfolio and risk management services in respect of the investments of the Company within the parameters of the Company's investment policy; and
- to effect or arrange and provide advice to the Company in relation to investments.

There is no compensation payable on termination of the Investment Management Agreement, which is terminable on six months' notice by either the Company or by the Investment Manager.

Pursuant to Listing Rule 15.6.2 (2), the Board of the Company has concluded that the continuing appointment of the Investment Manager on the terms agreed is in the best interest of the Company's shareholders. The Board considers that the Investment Manager has extensive investment management resources and wide experience in managing investments.

Highbridge does not receive any direct management or performance fees at the Company level for its appointment as investment manager to the Company. Instead, Highbridge receives management fees of 1.375% and incentive fees of 20% of portfolio performance above a high water mark for its role as investment manager of the Underlying Fund.

The Board has agreed matters under which the Investment Manager has discretion, and these are evidenced in the Investment Management Agreement and a schedule of matters reserved by the Board and delegated to service providers and committees. There are no soft commissions paid and there is no requirement for voting guidance due to the structure of the Company.

Secretary and Administrator

Praxis Fund Services Limited (the "Administrator", the "Secretary" or "PraxisIFM") was appointed as administrator on 3 June 2019. The Administrator is a Guernsey incorporated company and provides administration and secretarial services to the Company pursuant to an Administration and Secretarial Agreement. In such capacity, the Administrator is responsible for the general secretarial functions required by the Law and provides advice and support to the Board to assist the Company with compliance with its continuing obligations as well as advising on the corporate governance requirements and recommendations applicable to a company listed on the premium segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange.

The Administrator is also responsible for the Company's general administrative functions such as the calculation of the NAV of Shares and the maintenance of accounting and statutory records.

The Company

Information on the Company including its Investment Objective and Policies can be found on page 9 onwards.

The Alternative Investment Fund Managers Directive ("AIFMD")

Highbridge is the Company's alternative investment fund manager ("AIFM"). For the purposes of AIFMD the Company is an alternative investment fund ("**AIF**").

Directors

The Directors, all of whom are non-executive, are shown on page 13. No Director has a contract of service with the Company, nor are any such contracts proposed.

The following table details the interests of the Directors in the Shares of the Company, both as at 31 December 2020 and as at 31 March 2021.

Director	Number of Shares (31 March 2021)	Number of Shares (31 December 2020)
Vic Holmes	60,514 Sterling Shares	79,000 Sterling Shares
Steve Le Page	12,256 Sterling Shares	16,000 Sterling Shares
Paul Le Page	45,960 Sterling Shares	60,000 Sterling Shares

Director Indemnification and Insurance

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Independent Auditor

PricewaterhouseCoopers CI LLP has indicated its willingness to continue in office as auditor and a resolution proposing its reappointment, and to authorise the Directors to determine its remuneration for the ensuing year, will be put to shareholders at the Annual General Meeting ("AGM").

Net Asset Value ("NAV")

The NAV per Sterling Share for accounting purposes, including all distributable reserves, as at 31 December 2020 was £2.5009 (31 December 2019: £2.1233).

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income on page 35. In accordance with the Investment Objective the Directors did not declare any dividends during the year under review and the Directors do not recommend the payment of a dividend as at the date of this report.

Related Party Transactions

Other than the above-mentioned interests, none of the Directors, nor any persons connected with them, had a material interest in any of the Company's transactions.

There were no material related party transactions which took place in the Financial Year, other than those disclosed in the Directors' Report and at Note 7 to the Financial Statements.

Notifiable Interests in the Company's Voting Rights

At the year-end, the following had declared a notifiable interest in the Company's voting rights:

Name	Number of Voting Rights	% of Voting Rights (as at 31 December 2020)
Premier Miton Investors	4,920,469	21.41%
Mirabella Financial Services	2,353,094	10.19%
Tilney Group	2,308,601	10.00%
JPMorgan Asset Management	2,107,172	9.12%
Almitas Capital LLC	1,158,070	5.01%

At 31 March 2021, being the latest practicable date prior to publication, the following had declared a notifiable interest in the Company's voting rights:

Name	Number of Voting Rights	% of Voting Rights (as at 31 March 2021)
Premier Miton Investors	3,787,367	21.41%
Mirabella Financial Services	2,655,905	15.01%
Tilney Group	1,768,395	10.00%
JPMorgan Asset Management	1,614,099	9.12%
Almitas Capital LLC	887,085	5.01%

No further changes to these holdings had been notified as at the date of this report.

The tables above disclose the notifiable interests the Company has received via TR-1 notifications.

Listing Rule 9.8.4 R

Listing Rule 9.8.4 R requires that the Company include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

By order of the Board

Vic Holmes
Chairman

20 April 2021

Statement of Compliance with the AIC Code of Corporate Governance

In accordance with Listing Rule 9.8.7 the Company is required to comply with the requirements of the UK Corporate Governance Code. A copy of the UK Corporate Governance Code, 2018 is available for download from the Financial Reporting Council's website (www.frc.org.uk).

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance, setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

The Company is also required to comply with the GFSC Code. As the Company reports under the AIC Code it is deemed to meet the requirements of the GFSC Code. The Board has undertaken to evaluate its corporate governance compliance on an on-going basis.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company. The Company has therefore not reported further in respect of these provisions. The Company has complied with all principles of the AIC Code and conforms with all detailed recommendations subject to the following explanations. Please refer to page 22 for details in relation to the viability statement.

Board Composition

The Board comprises three non-executive Directors, all of whom are considered to be independent (with the Chairman being independent on appointment) for the purposes of the AIC Code and Listing Rule 15.2.12A. As part of their examination of the independence of the Board, the Board have concluded that Steve Le Page, Vic Holmes and Paul Le Page remain independent under the principles of the AIC Code.

Biographies of the Directors appear on page 13, demonstrating the wide range of skills and experience they bring to the Board and highlighting of their specific key skills and experience. In accordance with the AIC Code, below is a list of all other public company directorships and employments held by each Director. There are no shared directorships held by two or more Directors at the date of this report.

Vic Holmes
Next Energy Solar Fund Limited

Steve Le Page
Volta Finance Limited
Princess Private Equity Holding Limited
Channel Islands Property Fund Limited
Tufton Oceanic Assets Limited

Paul Le Page
Bluefield Solar Income Fund Limited
UK Mortgages Limited
RTW Venture Fund Limited

Board Meetings

The Board meets at least four times a year to consider the business and affairs of the Company. Between these meetings the Board keeps in contact by email and telephone as well as meeting to consider specific matters of a transactional nature. Directors have direct access to the Secretary and the Secretary is responsible for ensuring that Board procedures are followed and that there are good information flows both within the Board and between Committees and the Board. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access, where necessary in the furtherance of their duties, to professional advice at the expense of the Company.

In light of the restrictions imposed on travel, meetings and workplaces by governments in response to the COVID-19 pandemic, the Board and its advisors have made full use of videoconferencing facilities to ensure that the business of the Company was progressed seamlessly.

During the year under review fifteen Board meetings took place. Of those meetings, four were quarterly Board meetings and the remainder were ad hoc meetings held at short notice to deal with specific matters including the continuation of the Company, Company's buy-back programme, potential distributions to Cash Exit and Tender Creditors, and developments relating to the underlying investments. At quarterly Board meetings there is a focus on the investment performance of the Company. Strategy and the Company's investment objective are considered on a regular basis. Director attendance is summarised below:

Director	Quarterly Board Meetings	Ad-Hoc Board Meetings	Audit Committee Meetings
Vic Holmes	4 of 4	7 of 9	2 of 2
Steve Le Page	4 of 4	9 of 9	2 of 2
Paul Le Page	4 of 4	9 of 9	2 of 2

Letters of appointment for non-executive Directors do not set out a fixed time commitment for Board duties as the Board considers that the time required by Directors may fluctuate depending on the demands of the Company and other events. Therefore, it is required that each Director will allocate sufficient time to the Company to perform their duties effectively and it is also expected that each Director will attend all quarterly Board meetings and meetings of Committees of which they are a member. The Chairman has confirmed that he considers the performance of each director to be satisfactory and that each director demonstrates continued commitment to their role. The other Directors have made similar confirmations concerning the performance and commitment of the Chairman.

Key Skills and Experience

A review of the skills and experience of the Board members, is outlined below:

Director	Key Skills and Experience
Vic Holmes (appointed to Board 3 June 2016) Chairman	Wide knowledge of investment management as well as broad experience of non-executive directorships, chairmanships and executive directorship in quoted and unquoted companies.
Steve Le Page (appointed to Board 3 June 2014) Chairman of the Audit Committee	Wide-ranging knowledge of audit, financial reporting, corporate governance and internal controls in the context of listed investment companies. Significant financial services, regulatory and non-executive director experience.
Paul Le Page (appointed to Board 1 May 2018)	Experienced hedge fund portfolio manager with detailed knowledge of asset allocation, fund selection and financial risk management. Significant financial services, governance and investment company sector experience.

Board Committees

Due to the Company reducing in size during 2019, the Board has assumed the responsibilities previously delegated to the Management and Remuneration Committee, Risk Committee and Nomination Committee, and these Committees were disbanded with effect from 4 November 2019. All matters will still be considered and discussed but this will take place at Board level. The remaining Committee is the Audit Committee which will continue to be chaired by Steve Le Page.

Audit Committee

In accordance with the AIC Code, an Audit Committee has been established and its terms of reference are available on the Company's website. All Board members are members of the Audit Committee. In the opinion of the Board, the constitution, terms of reference and activities of the Audit Committee fulfil all the relevant requirements of the AIC Code. The Company does not maintain an internal audit function, and, given that there are only three Directors, the Chair of the Board is a member of the Committee.

The report of the chairman of the Audit Committee can be found on page 23. The Board has sought to ensure that all areas of risk and control are addressed. The Audit Committee is responsible for monitoring the effectiveness of the controls and systems in place to address, inter alia, the risks of loss or misappropriation of assets, misstatement of liabilities or failure of financial reporting systems or processes, including valuation reporting and processes. All other risks and controls are monitored directly by the Board.

The Audit Committee monitors the performance of the auditor, and also examines the remuneration and engagement of the auditor, as well as its independence and any non-audit services provided by it. The current auditor was appointed after a tender process in 2016 and so their tenure is not currently an area of consideration for the Audit Committee. As a result, the Company does not intend to tender the audit service in the near future. The Audit Committee will continue to monitor the performance of the auditor with the aim of ensuring a high quality and effective audit.

Each year the Board examines the Audit Committee's performance and effectiveness, and ensures that its tasks and processes remain appropriate. The chairmanship of the Audit Committee is reviewed by the Chairman on an annual basis. Key areas covered include the clarity of the Audit Committee's role and responsibilities, the balance of skills among its members and the effectiveness of reporting of its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and ensure that such knowledge remains up to date. Overall the Board considered the Audit Committee had the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

Remuneration Committee

In view of its non-executive nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee, as anticipated by the AIC Code, because this function is carried out as part of the regular Board business.

Remuneration Policy

Considering the reduced size of the Company, the Board has taken measures to reduce the ongoing costs of running the Company and has reduced both the size of the Board and the directors' fees accordingly. The Board is responsible for agreeing a framework for Director remuneration and reviewing the effectiveness of the remuneration policy on an on-going basis. No Director is involved in determining his own remuneration.

The Board performs the below functions in relation to the Remuneration Policy:

- to ensure that the Company's contracts of engagement with the Administrator, the Investment Manager and other service providers are operating satisfactorily so as to ensure the safe and accurate management and administration of the Company's affairs and business, and are competitive and reasonable for the shareholders;

- to monitor and assess the appropriate levels of remuneration for all Directors; and
- to ensure that the Company complies to the best of its ability with applicable laws and regulations relating to engagement with service providers and director remuneration and adheres to the tenet of generally accepted codes of conduct.

The remuneration of the Directors is reviewed on an annual basis and compared with the level of remuneration for directorships of other similar investment companies. All Directors receive an annual fee and there are no share options or other performance related benefits available to them.

The Board is committed to an evaluation of its performance being carried out every year. In accordance with the AIC Code the Board has carried out a rigorous review of its own effectiveness during April 2021, in light of the decision to wind up the Company, and has concluded that it maintains a good balance of skills, experience, independence, diversity and knowledge of the Company and therefore remains effective.

The Directors' fees are disclosed below.

	Amount per annum With effect from 1 October 2019	**Amount per annum prior to 1 October 2019**
Vic Holmes	£50,000	£60,000
Steve Le Page	£42,000	£50,000
Paul Le Page	£40,000	£48,000
Sarita Keen, resigned on 31 October 2019	–	£42,000
Total	**£132,000**	**£200,000**

Nomination Committee

The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board, giving full consideration to succession planning and the leadership needs of the Company.

Nomination Policy

In light of the decision to wind up the Company, the Board went through a formal process of reviewing the balance, independence and effectiveness of the Board, identifying the experience and skills which may have been needed and those individuals who might have been best to provide them and to ensure that each individual had sufficient available time to undertake the tasks required. When considering the composition of the Board, Directors will be mindful of diversity, inclusiveness and meritocracy. The outside directorships and broader commitments of Directors were also monitored by the Board.

In April 2021, the Board undertook the aforementioned formal review of the balance, independence and effectiveness of the Board and concluded it did not have any objection to the current commitments of its members and that no changes to the composition of the Board were required.

Diversity

The Board has also given careful consideration to the recommendation of the Davies Report and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. As recommended in the Davies Report, the Board has reviewed its composition. However, it believes that in the light of the decision to wind up the Company the current appointments provide an appropriate range of skills and experience and are in the interests of shareholders.

The Company supports the AIC Code provision that Boards should consider the benefits of diversity, including gender, when making appointments and is committed to ensuring it receives information from the widest range of perspectives and backgrounds. The Company's aim as regards the composition of the Board is that it should have a balance of experience, skills, and knowledge to enable each Director and the Board as a whole to discharge their duties effectively. Whilst the Board of the Company agrees that it is entirely appropriate that it should seek diversity, it does not consider that this can be best achieved by establishing specific quotas and targets and appointments will continue to be made based wholly on merit. Accordingly, when changes to the Board are required, the Board has regard to the Board's diversity policy and to a comparative analysis of candidates' qualifications and experience. A pre-established, clear, neutrally formulated, and unambiguous set of criteria are utilised to determine the most suitable candidate for the specific position sought. Once appointed, the successful candidate receives a formal and tailored induction.

Risk Committee

With effect from 4 November 2019 the Board does not have a separate Risk Committee. The Board as a whole fulfils the function of a Risk Committee.

Terms of Reference

The Terms of Reference for the Audit Committee is available for inspection on request at the Company's registered office and are also available on the Company's website.

Going Concern

At the EGM held on 18 December 2020, the Board received Shareholder approval for the Company to cease to continue in its current form and enter a managed wind-down in accordance with the procedure set out in article 138 of the Articles. As a result, the Directors believe the going concern basis inappropriate.

The redemption of the Company's main investment will be governed by the terms of the Underlying Fund, in that the redemption proceeds will be distributed in four quarterly instalments and shareholders therefore will continue to be exposed to the performance of the Company until the final quarterly redemption occurs. The final quarterly redemption will occur at the end of September 2021 with distribution expected to occur in mid-November 2021.

The Company still maintains holdings in MSF Corp and AllBlue. The Investment Manager of MSF Corp is seeking to balance the pace of capital return with value maximization. The Company has approximately 4.29% of its NAV remaining in MSF Corp. The Board has no further information at this time. The Company has a creditor interest in the liquidating AllBlue entities amounting to approximately 0.38% of NAV with no known time scale for the settlement of this interest.

Accordingly, the Board has adopted a basis other than that of going concern in the preparation of this annual financial report. The Directors estimate that the wind-down costs will be approximately £475,000. The Board believes that the Company has sufficient funds available to meet its wind-down costs and day-to-day running costs. The Directors consider that the carrying amount of other assets and liabilities approximate to their fair value and no adjustment is required to their carrying value under the non-going concern basis of accounting.

Shareholder Communication

All holders of Shares in the Company have the right to receive notice of, and attend, all general meetings of the Company, during which the Directors are available to discuss issues affecting the Company, and the Directors also meet periodically with major shareholders. The Directors are always available to enter into dialogue with shareholders and make themselves available for such purpose whenever required. The Chairman and the Senior Independent Director can also be contacted by shareholders via the Secretary if they have any concerns.

The Board regularly reviewed the Company's share register at its formal meetings to monitor the shareholder profile and the Board has implemented measures to ensure that information is presented to its shareholders in a fair, balanced and understandable manner. The Company announces the confirmed NAV of its shares on a monthly basis. During the year under review a commentary on the investment performance of the Company's investments in the Underlying Fund was provided in the Company's monthly factsheet. The daily market closing prices of Shares are available on Reuters and Bloomberg.

All Shares may be dealt in directly through a stockbroker or professional adviser acting on shareholder's behalf. The buying and selling of Shares may be settled through CREST.

The Company's register of shareholders is maintained by JTC Registrars Limited in Guernsey and they can be contacted on +44 (0)1481 702400.

Stakeholders and Section 172

Whilst directly applicable to U.K. incorporated companies, the intention of the AIC Code is that the matters set out in section 172 of the Companies Act, 2006 are reported on. The Board considers the view of the Company's key stakeholders as part of its discussions and decision making process. As an investment company the Company does not have any employees and conducts its core activities through third-party service providers. Each provider has an established track record and, through regulatory oversight and control, are required to have in place suitable policies to ensure they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice.

The Board's commitment to maintaining the high-standards of corporate governance recommended in the AIC Code, combined with the Directors' duties enshrined in Company Law, the constitutional documents, the Disclosure and Transparency Rules and the Market Abuse Regulation, ensures that shareholders are provided with frequent and comprehensive information concerning the Company and its activities. Whilst the primary duty of the Directors is owed to the Company as a whole, the Board considers as part of its decision making process the interests of all stakeholders. Particular consideration being given to the continued alignment between the activities of the Company and those that contribute to delivering the Board's strategy, which include the Investment Manager and the Administrator. The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Board via the Secretary.

The Board does not believe that the Company has any material stakeholders other than those set out in the following table.

	Stakeholder		
	Investors	**Service providers**	**Community and environment**
Issues that matter to them	Performance of the shares Managed wind-down of the Company Liquidity of the shares	Reputation of the Company Compliance with Law and Regulation Remuneration	Compliance with Law and Regulation Impact of the Company and its activities on third parties
Engagement process	Annual General Meeting Frequent meetings with investors by brokers and the Investment Manager and subsequent reports to the Board Monthly factsheets	The main two service providers – Highbridge and Praxis IFM – engage with the Board in face to face meetings quarterly, giving them direct input to Board discussions. All service providers are asked to complete a questionnaire annually which includes feedback on their interaction with the Company. The Board has this year been unable to undertake its usual annual visit to Highbridge either in London or New York because of pandemic restrictions.	The Company itself has only a very small footprint in the local community and only a very small impact on the environment. However, the Board acknowledges that it is imperative that everyone contributes to local and global sustainability.
Rationale and example outcomes	Clearly investors are the most important stakeholder for the Company. Most of our engagement with investors is about "business as usual" matters, but has also included discussions about the managed wind-down of the Company. The major decision arising from this has been for the Board to place a redemption request for the Company's entire holding in the TCF Feeder.	The Company relies on service providers entirely as it has no systems or employees of its own. The decision to discontinue the Company was driven by shareholders, but prior to the shareholder vote the Board consulted extensively with all its service providers who were all in favour of the proposal. The Board always seeks to act fairly and transparently with all service providers, and this includes such aspects as prompt payment of invoices.	The nature of the Company's investment is such that it does not provide a direct route to influence investees in ESG matters in many areas, but the Board and the Investment Manager work together to ensure that such factors are carefully considered and reflected in investment decisions, as outlined elsewhere in the Annual Report. Board members have not travelled on Company business during the year due to the pandemic restrictions, however the Board has made full use of video conference facilities to remain in contact and informed

Engagement processes are kept under regular review. Shareholders and other interested parties are encouraged to contact the Company via +44 (0)1481 727600 on these or any other matters.

Anti-Bribery

The Directors have undertaken to operate the business of the Company in an honest and ethical manner and accordingly take a zero-tolerance approach to bribery and corruption. The key components of this approach are implemented as follows:

- The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- The Company will implement and enforce effective procedures to counter bribery; and
- The Company requires all its service providers and advisors to adopt equivalent or similar principles.

UK Criminal Finance Act 2017

Following the entry into force of the UK Criminal Finance Act 2017, the Board has reaffirmed its zero tolerance policy towards the facilitation of corporate tax evasion.

Data Protection

The Company has implemented measures designed to ensure its compliance with the EU General Data Protection Regulation (EU) 2016/679 and associated legislation in Guernsey and in other jurisdictions. The Company has also issued a privacy notice which sets out how personal data is collected, processed and disclosed. This notice is available for review and download at the Company's website.

Risk Management and Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and monitoring the significant risks faced by the Company.

The Audit Committee, on behalf of the Board, carries out an annual review of the internal financial controls of the Company. In addition, ISAE 3402 (or equivalent) reports have been obtained from the relevant service providers where available to verify these reviews. The Board also conducted regular reviews of the Company's service providers, and is in particular pleased to note that they have continued to meet the Boards' service level expectations throughout the period of the pandemic to date. The internal controls are designed to meet the Company's particular needs and the foreseeable risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Company has put in place arrangements with Highbridge for the Company to receive monthly NAVs in relation to MSF Corp and TCF Feeder and estimated weekly NAVs in relation to TCF Feeder electronically as soon as they are released, together with certain factsheets produced on each fund and other administrative information and reports. The purpose of these arrangements is to ensure that the Directors have sufficient information to enable them to monitor the Company's investments. The liquidators of AllBlue and AllBlue Leveraged have been unable to supply any monthly NAV information since that provided as at 31 July 2018, but given that these holdings represent approximately 0.38% of the Company's NAV the Directors are content that this does not constitute a serious failure of process. The Board received an updated Liquidators' report for AllBlue and AllBlue Leveraged dated 9 October 2020. The report cites that there are no distributions planned for the foreseeable future. Future distributions are dependent upon the successful realisation of the remaining assets held by AllBlue and AllBlue Leveraged. Due to the uncertainties surrounding those assets, there is no estimate of the timing or amount of potential future distributions, or the expected timing of the conclusion of the liquidations. More details are provided in Note 2.

The Board has assumed the responsibilities of the Risk Committee and meets to review risk reporting information and consider the Company's investment risk management systems, including consideration of a risk matrix which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and investment and business activities.

The Board considers that the Company has adequate and effective systems in place to identify, mitigate and manage the primary risks to which the Company is exposed. Highbridge is the investment manager of TCF Feeder and MSF Corp and acts as investment manager of the Company. Liquidators have been appointed on AllBlue and AllBlue Leveraged. Administration and Secretarial duties for the Company are performed by Praxis Fund Services Limited. The Board considers that the systems and procedures employed by the Administrator and other service providers provide sufficient assurance that a sound system of internal controls is in place.

The Directors of the Company clearly define the duties and responsibilities of their agents and advisors. The appointment of agents and advisors is conducted by the Board after consideration of the quality of the parties involved and the Board monitors their on-going performance and contractual arrangements. The Board has also specified which matters are reserved for a decision by the Board and which matters may be delegated to its agents and advisers.

Specific matters reserved exclusively for the decision of the Board include the approval and variation of terms on which any overdraft or credit facility is used to finance operating costs and the invocation of any premium or discount control mechanisms.

Principal Risks and Uncertainties

The principal risks associated with the Company are:

Operational risk. The Board is ultimately responsible for all operational facets of performance including cash management, asset management, regulatory and listing obligations. The Company has no employees and so enters into legal agreements with a series of service providers to ensure both operational performance and regulatory obligations are met. The Company uses well established, reputable and experienced service providers and their continued appointment is assessed at least annually. The Board is also mindful of the need to manage the redemption process for the Underlying Fund and has instigated additional controls to manage this process.

Investment risk. The Board is responsible for the investment policy but, given that the investment objective of the Company is to invest substantially all of its assets in TCF Feeder, the Board has little discretion in such management. The success of the Company depends on the diligence and skill of the Investment Manager of the Company's primary investment, the Underlying Fund. There is a risk that any underperformance of funds in which the Company's capital is invested would lead to a reduction of the net asset value or of the share price rating. The Board formally monitors the investment performance each quarter, and meets with the Investment Manager on a regular basis.

Concentration risk: The Company's principal exposure is to the Underlying Fund, with additional exposure to HMS Master Fund, AllBlue and AllBlue Leveraged through its creditor interests in these funds and, therefore, the Company is exposed to concentration risk. The Board considers that the Company is effectively highly diversified in its exposures, given the range of individual positions and exposures of the Underlying Fund. The Board believes that this mitigates the concentration risk. As the wind-down of the Company proceeds and capital is distributed from redemptions of Underlying Fund the concentrations of the HMS Master Fund investment and the AllBlue creditor interests are likely to increase.

Regulatory risk: The Company is required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority and the requirements imposed by the Guernsey Financial Services Commission. Any failure to comply could lead to criminal or civil proceedings. Although responsibility ultimately lies with the Board, the Secretary and the Corporate Brokers also monitor compliance with regulatory requirements.

COVID-19 Pandemic: The Board has reviewed the positioning of the Company's portfolio and the Investment Manager's business continuity arrangements which include the ability for all key employees to work from home and a comprehensive review of their own underlying service providers' business continuity arrangements.

Shareholders' attention is also drawn to the Company's risk disclosure document (which can be found on the Company's website) which sets out information on certain risks and other aspects of the Company's investment in the Underlying Fund.

Emerging Risks

The Board monitor emerging risk areas relevant to the performance of the Company including those that would threaten its business model, future performance, solvency or liquidity on an ongoing basis.

Liquidity Risk: As capital is returned to shareholders in the wind down process the Company will shrink in size and trading liquidity in the Company's shares is likely to reduce. The concentrations of the HMS Master Fund investment and the AllBlue creditor interests will increase as redemption proceeds are paid to investors. As these entities contain less liquid investments they could be subject to infrequent and potentially significant price movements as assets are sold and legal claims are settled.

The Board has also discussed the potential impact of the pandemic and their response to it with its other service providers.

As a result, the Board has concluded that there should be little impact upon day-to-day operations and valuation processes of both the Company and the Underlying Fund.

Political Risk: Changes in the US administration following the recent election will result in the Democratic party exerting a greater degree of political control which will increase public spending and may have adverse impacts on US fixed income markets due to a repetition of the taper tantrum as fiscal stimulus replaces monetary stimulus.

The Underlying Fund runs negligible interest rate exposure and the Board monitors this exposure on a quarterly basis.

Viability Statement

The shareholders of the Company voted by a large majority to wind the Company up at an EGM held on 18 December 2020. As a result, the Directors have begun the process of an orderly winding up as described in article 138 of the Company's Articles of Association. The Directors currently expect that the Company will be placed into a formal liquidation process within twelve months of the publication of this report and have accordingly prepared this report on a non-going concern basis. They therefore consider that it is unnecessary to prepare a Viability Statement.

By order of the Board

Vic Holmes
Chairman

20 April 2021

In accordance with the AIC Code, an Audit Committee has been established and its membership and terms of reference are available on the Company's website. In the opinion of the Board, the constitution, terms of reference and activities of the Audit Committee meet all the requirements of the AIC Code, save that the Company does not maintain an internal audit function, and that the Chairman of the Company was a member of the Committee as the Board considers that he was independent on appointment and remains so. He is a qualified accountant, has considerable experience of financial reporting and control for investment funds, gained in other roles, and is consequently a valuable member of the Committee.

The Audit Committee is responsible for monitoring the effectiveness of the controls and systems in place to address, inter alia, the risks of loss or misappropriation of assets, misstatement of liabilities or failure of financial reporting systems or processes, including valuation reporting and processes. Risks not monitored by the Audit Committee are monitored directly by the Board.

The Audit Committee also examines the remuneration and engagement of the auditor, PricewaterhouseCoopers CI LLP ("PwC"), as well as assessing their independence and any non-audit services provided by them. The external audit contract was last tendered in 2016 (being ten years from the initial appointment of the previous auditor), at which time PwC were first appointed. As a result, the Company does not intend to tender the audit service in the near future. The Audit Committee will continue to monitor the performance of the auditor with the aim of ensuring a high quality and effective audit.

Each year the Board examines the Audit Committee's performance and effectiveness, and also ensures that its tasks and processes remain appropriate. Key areas covered include the clarity of the Audit Committee's role and responsibilities, the balance of skills among its members and the effectiveness of the reporting of its work to the Board. The Board is satisfied that all members of the Audit Committee have relevant financial experience and knowledge and that such knowledge remains up to date. Overall the Board considered the Audit Committee had the right composition in terms of expertise and has effectively undertaken its activities and reported them to the Board during the year.

Membership

The current Chairman of the Audit Committee is Steve Le Page, who became Chairman on his appointment to the Board on 3 June 2014. As a result of the 2018 FRC code of Corporate Governance, Vic Holmes resigned from the Audit Committee during 2018, but re-joined it when the AIC persuaded the FRC that chairs of investment companies could continue to be members of Audit Committees. The Committee remains of the view that its membership is adequate in both number and skills to fulfil its responsibilities.

Key Activities of the Audit Committee

In the period since the last Audit Committee report, the key activities of the Committee have been:

- Monitoring and assessing the financial systems and controls operated by the Company's key service providers;
- Overseeing the preparation and publication of, and giving appropriate advice to the Board in respect of, the interim report for the six months ended 30 June 2020 and the current annual report for the year ended 31 December 2020;
- Determining the adjustments to be made to the annual report, including the amount of any adjustments to the carrying value of assets or liabilities, arising from the need to prepare this report on a non-going concern basis; and
- Monitoring and assessing the external auditor.

Each of these key activities is covered in more detail in the following sections.

Financial Systems and Controls Operated by Service Providers

In common with most investment funds, the Company is reliant on the systems, processes and controls operated by its service providers. Throughout the year, the Committee is alert to any indication that service providers may not be performing as expected, such as inaccurate or delayed information, shareholder feedback and the level and standard of interaction between service providers. In so doing the Committee uses its collective knowledge of how other entities are serviced as well as their own experience from previous roles and with other service providers.

In addition, the Committee has reviewed the third party controls reports (ISAE 3402 or equivalent) provided by the Administrator of the Company and the administrator of HMS Master Fund and the Underlying Fund.

The ongoing restrictions due to the global pandemic have prevented the Board from visiting Highbridge during the year, although close contact has been maintained with both their New York and London offices by means of video conferences. It should be noted that in December 2019, the Board visited Highbridge in London, to discuss, inter alia, their investment processes and activities and their possible impact on the Company, as well as the processes and controls around the Underlying Fund and the winding up of HMS Master Fund. The Chief Operating Officer of Highbridge was in London from New York at the time. Of particular relevance to the activities of this Committee were the discussions concerning the monitoring, by the boards of HMS Master Fund and the Underlying Fund, of the performance and effectiveness of their auditor and of the valuation systems operated by their administrator.

On the basis of the ongoing monitoring of the Company's service providers described above, the Committee is satisfied that the Company's reliance on service providers during 2020 was not misplaced and that the systems of internal control operated on the Company's behalf, both during the calendar year 2020 and currently, should reasonably prevent material error or misstatement of financial information.

Preparation of Interim and Annual Reports

Prior to each reporting period end, the Committee met with the Secretary and Administrator, and also with the auditor prior to the annual reporting date. As Chairman, I also met with each of these parties separately. The primary purpose of all of these meetings was to consider the timetable for production of the reports, to review the proposed scope of the external audit of the annual report, and the arrangements for cooperation between the Company's service providers. The Company's key risks, principal accounting policies and significant areas of judgment or estimation (all as disclosed elsewhere in this annual report) were also considered for appropriateness and completeness. As a result of these meetings the Committee was able to conclude that the annual report production process had been properly prepared for and planned.

The Committee reviewed the draft interim and annual reports, in detail, for compliance with International Financial Reporting Standards (as adopted by the European Union) and applicable laws, regulations, and corporate governance requirements, and also reconsidered the key risks, principal accounting policies and significant areas of judgment or estimation to ensure the disclosure of these items and their application in the reports remained appropriate. This review and reconsideration included further meetings with the auditor and the Secretary and Administrator. It also included certain activities connected with the review of service providers, as detailed above.

The significant issues which the Committee considered in relation to these Financial Statements, in addition to those set out elsewhere in this report, were the existence and valuation of the Company's investment holdings. Existence was verified by obtaining direct confirmation of the holdings. The price at which each investment is valued was also confirmed directly in this way. As explained elsewhere (see Note 2), at the time of approving the Financial Statements the most recently available NAV for AllBlue and AllBlue Leveraged was as at 31 July 2018. In the absence of any other information, the Directors have chosen to use the 31 July 2018 NAV less any distributions received as their best estimate of the fair value of those interests (refer to Note 8 for further information on distributions). The Board received since then an updated Liquidators' report for AllBlue and AllBlue Leveraged dated 9 October 2020. The report cites that there are no distributions planned for the foreseeable future. Future distributions are dependent upon the successful realisation of the remaining assets held by AllBlue and AllBlue Leveraged. Due to the uncertainties surrounding the assets, there is no estimate of the timing or amount of potential future distributions, or the expected timing of the conclusion of the liquidations.

In addition, the Committee considered the results of the service provider monitoring referred to above and also reviewed the cash and valuation movements post year end. In the case of the investment into TCF Feeder and MSF Corp, this includes coterminous audited financial statements. The Committee concluded that the investments existed and were properly valued in accordance with the accounting policy of the Company, set out on page 39.

Having carried out the activities set out above the Committee concluded that the Financial Statements were fairly stated. The Committee then read the entire annual report for consistency both internally and with their detailed knowledge of the Company throughout the year, and also considered whether it was as clear and as concise as possible. We then considered the information needs of the likely users of the annual report and whether they were met. Our conclusion was that, taken as a whole, the annual report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Non-going concern basis of preparation

At the EGM held on 18 December 2020, the Board received Shareholder approval for the Company to cease to continue in its current form and enter a managed wind-down in accordance with the procedure set out in article 138 of the Articles. As a result the Directors believe the going concern basis inappropriate.

The Directors have placed a redemption request in the Underlying Fund, but the redemption process will be governed by the terms of the Underlying Fund, in that the redemption proceeds will be distributed in four quarterly instalments and shareholders therefore will continue to be exposed to the performance of the Underlying Fund until the final quarterly redemption occurs. The final quarterly redemption will occur at the end of September 2021 with distribution expected to occur in mid-November 2021.

The Company still maintains holdings in MSF Corp, AllBlue and AllBlue Leveraged. In respect of MSF Corp, the Investment Manager is seeking to balance the pace of capital return with value maximization. The Company has approximately 4.29% of its NAV remaining in MSF Corp. The Board has no further information at this time. The Company has a creditor interest in the liquidating AllBlue entities amounting to approximately 0.38% of NAV with no known time scale for the settlement of this interest.

Accordingly, the Board adopt a basis other than that of going concern in the preparation of this annual financial report. The Directors estimate that the wind-down costs will be approximately £475,000. The Board believes that the Company has sufficient funds available to meet its wind-down costs and day-to-day running costs.

External Auditor

As noted above members of the Committee have met with the auditor on several occasions and this has given us the opportunity to assess the quality of the people involved in our audit and of the content and relevance of their presentations. During our meetings with them we considered their risk assessment, planned responses and general approach as well as their actual delivery against plan, and we separately discussed with our Administrator the degree of challenge they experienced from the auditor. The Committee notes that the majority of the Company's investments are also audited by a separate PwC network firm and in the Committee's opinion this enhances the effectiveness of the audit. We concluded that the external audit process was appropriate to the Company's circumstances and likely to prove effective.

The auditor does not provide any regular non-audit services to the Company, and it is the Committee's expectation that this situation will continue. The Committee has a formal policy concerning non-audit services, detailed on the Company's website, should the need arise.

The Committee has also considered all the other aspects of auditor independence set out in the AIC Code and in the Ethical Standards applicable to our auditor, at both the planning and final delivery stages of the audit. We note that PwC is also the auditor to TCF Feeder and MSF Corp and to certain other structures managed or advised by Highbridge and/or JPMAM. We have carefully considered whether these other audit relationships might impinge upon the independence of our auditor and have concluded that any perceived risk in this respect is adequately safeguarded against.

The Committee having concluded that the external audit is effective and that the auditor is independent and competent has recommended to the Board that a resolution be put to the next AGM to reappoint PricewaterhouseCoopers CI LLP.

Steve Le Page
Chairman of the Audit Committee 20 April 2021

Statement of Directors’ Responsibilities

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 Company as at the end of the Financial Year and of the profit or loss for that year. In preparing those Financial Statements, the Directors are required to:

- Ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for a shareholder to assess the Company's performance, business model and strategy;
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures discussed and explained in the Annual Report and Audited Financial Statements; and
- Prepare the Financial Statements on a basis other than that of going concern unless it is inappropriate to presume that the Company 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 Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Guernsey Company Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Audited Financial Statements include the information required by the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (together "the Rules"). They are also responsible for ensuring that the Company complies with the provisions of the Rules which, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions, of the corporate governance code applicable to the Company.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility Statement

The Board of Directors, as identified on page 13, jointly and severally confirm that, to the best of their knowledge:

- This report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces;
- The Financial Statements, prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standard Board, give a true and fair view of the financial position and results of the Company;
- The Annual Report and Audited Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- The Annual Report and Audited Financial Statements include the information required by the UK Listing Authority for ensuring that the Company complies with the provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions, of the corporate governance code applicable to the Company.

By order of the Board
Vic Holmes
Chairman

20 April 2021

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHBRIDGE TACTICAL CREDIT FUND LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Highbridge Tactical Credit Fund Limited (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the Statement of Financial Position as at 31 December 2020;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Shareholders' Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the Company, as required by the Crown Dependencies' Audit Rules and Guidance, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are also independent in accordance with SEC Independence Rules.

Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1(b) of the financial statements, the going concern section on page 19 of the Corporate Governance Statement and to the viability statement on page 22 which describe the Directors' reasons why the financial statements have been prepared on a basis other than going concern.

Our audit approach

Overview

Audit Scope

- The Company is a standalone investment fund based in Guernsey which engages Highbridge Capital Management LLC (the "Investment Manager") to manage its assets.
- We conducted our audit of the financial statements from information provided by Praxis Fund Services Limited (the "Administrator") to whom the Board of Directors has delegated the provision of certain administrative functions.
- We conducted our audit work in Guernsey.

Key audit matters

- Valuation of investments

Materiality

- Overall materiality: £0.6 million (31 December 2019: £0.5 million) based on 1% of net assets.
- Performance materiality: £0.4 million (31 December 2019: £0.4 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments The investment portfolio at the year end was valued at £55.5 million (2019: £65.3 million) and principally comprised the investments in Highbridge Tactical Credit Fund, Ltd. of £40.5 million (2019: £35.6 million) and the remaining investment in Highbridge Multi-Strategy Fund Corporation of £11.6 million (2019: £26.3 million) together with the legacy investment in the AllBlue Funds of £3.4 million (2019: £3.4 million). Please see Note 8 to the financial statements. We focussed on the valuation of the investment portfolio because investments represent the principal element of the net asset value as disclosed on the statement of financial position. The AllBlue Funds are categorised as level 3 investments under the IFRS 13 fair value hierarchy and as such we identified an increased level of inherent uncertainty associated with their valuation. As disclosed in the Audit Committee Report (page 24) and in Notes 2 and 8 to the financial statements, coterminous capital statement information has not been made available by the liquidators, pertaining to the Company's investment in the AllBlue Funds as at 31 December 2020. The Directors have therefore elected to present the year end valuation of the AllBlue Funds on the basis of an internally generated Directors' valuation, utilising the latest reported audited financial statement information for the AllBlue Funds as at 31 July 2018 suitably updated for known events since that date which principally consist of a deduction for the sale proceeds received since that date.	• The internal control environment at the Administrator over the valuation of the investment portfolio and the production of the net asset value for the Company was understood and evaluated through the examination of a controls report opined upon by an independent audit firm. • We assessed the accounting policy for investment valuation, performed testing to check that the investment valuation had been accounted for in accordance with the stated accounting policy and determined that the accounting policy complied with International Financial Reporting Standards and had been consistently applied. • We obtained and reperformed management's reconciliation of the Company's valuation of the investment in Highbridge Tactical Credit Fund, Ltd. to the audited financial statements of Highbridge Tactical Credit Fund, Ltd. as at 31 December 2020. • We obtained and reperformed management's reconciliation of the Company's valuation of the investment in Highbridge Multi-Strategy Fund Corporation to the audited financial statements of Highbridge Multi-Strategy Fund Corporation as at 31 December 2020. • No coterminous financial information was available as at 31 December 2020 for the positions held in the AllBlue Funds, therefore our audit work focused on the judgements exercised by the Directors to fair value these positions as at the year end. We considered the £0.2 million net exposure of the Company to the AllBlue Funds in the context of our overall materiality of £0.6 million and examined the most recently available information in respect of the AllBlue Funds issued on 9 October 2020 for the period from 11 July 2019 to 10 July 2020 which we independently received from the liquidators. No misstatements were identified which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£0.6 million (31 December 2019: £0.5 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £0.4 million for the Company's financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £28,000 (31 December 2019: £24,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The Directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Financial Statements (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

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

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The Company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the Company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, other than the matter referred to in the Emphasis of matter paragraph above which impacts on the Directors' statements about going concern and their assessment of the Company's prospects, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

John Roche
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

21 April 2021

a. The maintenance and integrity of the Highbridge Tactical Credit Fund Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

b. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audited Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 £	31 December 2019 £
Net gains/(losses) on non-current financial assets at fair value through profit or loss	8	150,626	(150,626)
Net gains/(losses) on current financial assets at fair value through profit or loss	8	8,872,815	(1,806,608)
Net gains on current financial liabilities at fair value through profit or loss	9	653,166	3,085,373
Interest income received		456	6,782
Losses on foreign exchange		(610)	(92,374)
Operating expenses	4	(480,696)	(595,326)
Provision for wind-down costs	2	(475,000)	–
Profit and total comprehensive income for the year		**8,720,757**	**447,221**
		Pence (£)	**Pence (£)**
Earnings per share - basic and diluted	6	37.76	0.59

In arriving at the results for the Financial Year, all amounts above relate to discontinuing operations.

There is no other comprehensive income for the year other than as disclosed above.

The notes on pages 39 to 52 form an integral part of these Financial Statements

AS AT 31 DECEMBER 2020

	Notes	31 December 2020 £	31 December 2019 £
Non current assets			
Unquoted financial assets designated as at fair value through profit or loss	8	–	35,581,874
Current assets			
Unquoted financial assets designated as at fair value through profit or loss	8	55,490,372	29,758,245
Investment distribution receivable	10	14,722,424	26,354,386
Cash and cash equivalents		2,116,674	2,425,359
Prepayments and receivables		15,609	240,037
		72,345,079	**58,778,027**
Current liabilities			
Unquoted financial liabilities designated as at fair value through profit or loss	9	13,219,682	44,431,149
Due to redeemed shareholders		802,745	803,781
Provision for wind-down costs	2	475,000	–
Sundry accruals and payables		92,458	90,534
		14,589,885	**45,325,464**
Net assets		**57,755,194**	**49,034,437**
Equity			
Share Capital	11	–	–
Reserves		57,755,194	49,034,437
Shareholders' equity		**57,755,194**	**49,034,437**
Shares in issue	11	23,093,530	23,093,530
NAV per share	13	£2.5009	£2.1233

The Financial Statements on pages 35 to 52 and accompanying notes were approved and authorised for issue by the Board of Directors on 20 April 2021 and are signed on its behalf by:

Vic Holmes
Chairman

Steve Le Page
Chairman of the Audit Committee

The notes on pages 39 to 52 form an integral part of these Financial Statements.

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share Capital £	Reserves £	Total £
Opening balance at 1 January 2020		–	49,034,437	49,034,437
Profit and total comprehensive income for the year		–	8,720,757	8,720,757
Balance at 31 December 2020		**–**	**57,755,194**	**57,755,194**

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share Capital £	Reserves £	Total £
Opening balance at 1 January 2019		–	226,780,928	226,780,928
Sales of Shares from Treasury		–	3,250,000	3,250,000
On-market purchase of ordinary shares		–	(3,060,668)	(3,060,668)
Share redemptions		–	(178,383,044)	(178,383,044)
Profit and total comprehensive income for the year		–	447,221	447,221
Closing balance at 31 December 2019		**–**	**49,034,437**	**49,034,437**

The notes on pages 39 to 52 form an integral part of these Financial Statements.

FOR THE YEAR ENDED 31 DECEMBER 2020

		31 December 2020 £	31 December 2019 £
Cash flows from operating activities			
Profit and total comprehensive income for the year		8,720,757	447,221
Unrealised (gains)/losses on financial assets at fair value through profit or loss	8	(6,612,776)	2,915,738
Unrealised gains on financial liabilities at fair value through profit or loss	9	(653,166)	(3,085,373)
Realised gains on sales of financial assets at fair value through profit or loss	8	(2,410,665)	(958,504)
Proceeds from sale of financial assets		30,505,149	138,186,326
Interest income		(456)	(6,782)
Increase/(decrease) in sundry accruals and payables	2	888	(124,008)
Increase in wind-down provision		475,000	–
Decrease/(increase) in prepayments and receivables		224,428	(210,235)
AllBlue cost reallocation		–	(33,198)
Net cash flow generated from operating activities		**30,249,159**	**137,131,185**
Cash flows from investing activities			
Interest received		457	6,782
Net cash flows generated from investing activities		**457**	**6,782**
Cash flows from financing activities			
On-market purchase of shares		–	(3,060,668)
Payments to redeemed shareholders		(30,558,301)	(133,435,164)
Net cashflow used in financing activities		**(30,558,301)**	**(136,495,832)**
Cash and cash equivalents at beginning of year		**2,425,359**	**1,783,224**
(Decrease)/increase in cash and cash equivalents		(308,685)	642,135
Cash and cash equivalents at end of year		**2,116,674**	**2,425,359**

The notes on pages 39 to 52 form an integral part of these Financial Statements.

FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies

(a) Basis of preparation

The Financial Statements have been prepared in conformity with International Financial Reporting Standards as issued by International Accounting Standard Board ("IFRS") and applicable Guernsey law. The Financial Statements have been prepared on historical cost basis except for the measurement at fair value of financial assets and financial liabilities designated at fair value through profit or loss.

For a detailed discussion about the Company's performance and financial position please refer to the Chairman's Report on pages 4 and 5 and Investment Manager's Report on pages 6 and 7.

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates (the "Functional Currency"). The functional currency is Sterling, the Company has also adopted Sterling as its presentation currency.

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

Assets and liabilities are classified as current if they are expected to be realised within 12 months of the Statement of Financial Position date. Those not expected to be realised within 12 months of the Statement of Financial Position date will be classified as non-current. Given the wind down of the Company as further detailed in note (b) all assets and liabilities are considered current.

(b) Going concern

At the EGM held on 18 December 2020, the Board received Shareholder approval for the Company to cease to continue in its current form and enter a managed wind-down in accordance with the procedure set out in article 138 of the Articles. As a result the Directors believe the going concern basis inappropriate. The Directors have placed a redemption request in the Underlying Fund, but the redemption process will be governed by the terms of the Underlying Fund, in that the redemption proceeds will be distributed in four quarterly instalments and shareholders therefore will continue to be exposed to the performance of the Underlying Fund until the final quarterly redemption occurs. The final quarterly redemption will occur at the end of September 2021 with distribution expected to occur in mid-November 2021.The Company still maintains holdings in MSF Corp, AllBlue and AllBlue Leveraged. In respect of HMS Master Fund, the Investment Manager is seeking to balance the pace of capital return with value maximization. The Company has approximately 4.29% of its NAV remaining in MSF Corp. The Board has no further information at this time. The Company has a creditor interest in the liquidating AllBlue entities amounting to approximately 0.38% of NAV with no known time scale for the settlement of this interest.

Accordingly, the Board adopt a basis other than that of going concern in the preparation of this annual financial report. The Directors estimate that the wind-down costs will be approximately £475,000, these costs have been provided for as at 31 December 2020. The Board believes that the Company has sufficient funds available to meet its wind-down costs and day-to-day running costs. The Directors consider that the carrying amount of other assets and liabilities approximate to their fair value and no adjustment is required to their carrying value under the non-going concern basis of accounting.

(c) Taxation

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged an annual fee of £1,200.

(d) Expenses

All expenses are accounted for on an accruals basis.

(e) Interest income

Interest income is accounted for on an accruals basis.

(f) Cash and cash equivalents

Cash and cash equivalents are defined as call deposits, money market funds, short dated bonds, short term deposits and investments that have a maximum three month maturity period and subject to insignificant risk of changes in value, together with bank overdrafts. For the purposes of the Statement of Cash Flows, cash and cash equivalents consists of cash, deposits and investments held in JPMorgan Liquidity funds.

1. Accounting policies *continued*

(g) Foreign currency translation

The Financial Statements are presented in Sterling, which is the Company's functional and presentation currency. Operating expenses in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences on these foreign currency translations are taken to the Statement of Comprehensive Income.

(h) Segment information

For management purposes, the Company is organised into one business unit, and hence no separate segment information has been presented.

(i) Shares

The Shares are initially recognised on the date of issue at the net of issue proceeds and share issue costs. The Shares are classified and accounted for as equity, with all payments for share buybacks, or receipts from share issues, being taken to Reserves.

(j) Financial Assets

The classification depends on the purpose for which the investments were acquired. The Company's financial assets consist of unquoted financial assets held at fair value through profit or loss and receivables. Unquoted financial assets include the investments from which the Company is in the process of redeeming. Please refer to Note 1 (k) for further details.

Classification of financial assets

The Company classified financial assets into the following categories.

Financial assets at amortised cost:

Cash and cash equivalents
Prepayments and receivables
Investment distributions receivable

Financial assets at fair value through profit or loss:

Unquoted financial assets.

IFRS 9 Financial Instruments requires the Company to measure and recognise impairment on financial assets at amortised cost based on Expected Credit Losses ("ECL").

The ECL impairment model requires the Company to account for expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

At 31 December 2020, the Company had recognised no expected credit impairment provisions (31 December 2019: none).

The investment distribution receivable on the Statement of Financial Position as at 31 December 2020 was held at the initial transaction price. The investment distribution receivable was received in full in January 2021.

Purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets (quoted and unquoted) at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

(k) Financial Liabilities (Redemption Liability)

Classification – The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. The Company's financial liabilities consist of either financial liabilities measured at amortised cost (trade payables and other short-term monetary liabilities) or financial liabilities measured at fair value through profit or loss (the liabilities payable to previous shareholders who have elected to exit the Company ("Redemption Liability")). These latter liabilities are due to:

- Shareholders who elected to exit from the Company at the original cash exit opportunity offered when Highbridge were appointed Investment Manager in 2016;
- Persons who tendered their shares back to the Company at the time of the Tender offer in October 2016;
- Persons who elected to exit from the Company at the First EGM on 16 August 2019;
- Persons who elected to exit from the Company at the Second EGM on 17 September 2019.

Please refer to Note 9 for further information. These liabilities meet the following classification criteria of IFRS 9 for Fair Value Through Profit or Loss (FVTPL):

- Where designation as at FVTPL eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

These liabilities are not a static amount, but change as the fair value (NAV) of the creditor interests in MSF Corp, AllBlue Limited and AllBlue Leveraged funds change. Thus there would be a mismatch if the liability is recorded at amortised cost whilst the 'matching' investment is at fair value.

Recognition and measurement – financial liabilities at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net changes in fair value of financial liabilities at fair value through profit or loss in the period in which they arise.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Fair value hierarchy classification

In determining the level within the fair value of financial assets and financial liabilities hierarchy, set out in IFRS 13, the Directors consider whether inputs to a fair value measurement are observable, and significant to its measurement. This requires judgement based on the facts and circumstances around the published NAV of the underlying funds. The Directors consider the availability of the NAV, at the reporting date, and whether holdings would be redeemable at such a NAV with evidence of redemptions at reporting date. They also consider whether unobservable adjustments, such as liquidity discounts, have been made by the Company. In the event there is any change in the above factors, a transfer between fair value hierarchy levels will be deemed to have occurred at the end of the period and would be disclosed in Note 8.

The following are the critical estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Valuation of investments

In order to assess the fair value of the unquoted investments, the NAV of the underlying investments in TCF Feeder, MSF Corp, AllBlue and AllBlue Leveraged is taken into consideration. The Directors have considered the circumstances surrounding the compulsory redemption of the Company's investments in MSF Corp, AllBlue and AllBlue Leveraged.

The administrator of MSF Corp provides monthly NAV updates. The Directors have discussed the progress of the realisation of HMS Master Fund's assets with Highbridge regularly and are satisfied that the NAV update for 31 December 2020 is a suitable estimate of the fair value of the Company's residual exposure to that entity.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *continued*

Valuation of investments *(continued)*

As explained elsewhere (see Note 8 on pages 44 and 45), as at the time of preparation of these Financial Statements the most recently available NAV for AllBlue and AllBlue Leveraged was as at 31 July 2018. The Directors have chosen to use the 31 July 2018 NAV less any distributions received as their best estimate of the fair value of those interests. The AllBlue and AllBlue Leveraged interests attributable to the shareholders of the Company comprise a net exposure of 0.38% of the Company's NAV, and the Company has received back 99.55% of the published net asset value of its holding in AllBlue and AllBlue Leveraged as at the 31 July 2018.

The Company's holdings in TCF Feeder, for which redemption requests have been submitted, are realisable at their NAV on quarterly dealing days. The Company has some practical experience of realising such holdings, and the Directors have carefully considered the circumstances of the Underlying Fund and its history of meeting requests for realisations from other investors and have judged that the NAV provided by the independent administrator of the Underlying Fund is a suitable estimation of the fair value of the Company's holdings.

The Company's NAV is based on valuations of unquoted investments. As described above, in calculating the NAV and the NAV per Share of the Company, the Administrator relies on the NAVs supplied by the administrators of TCF Feeder and MSF Corp. Those NAVs are themselves based on the NAV of the various investments held by the Underlying Fund and HMS Master Fund.

Impairment of financial assets

IFRS 9 Financial Instruments requires the Company to measure and recognise impairment on financial assets at amortised cost based on Expected Credit Losses, replacing IAS 39's incurred loss model. See Note 12 on the assessment of impairment of financial assets.

Provisions

In determining the provision for wind-down costs, estimates of costs have been obtained from the Investment Manager, Administrator and other parties involved in the managed wind-down of the Company. The carrying amount of the provision as at 31 December 2020 was £475,000.

3. Segmental Reporting

The Board has considered the requirements of IFRS 8 – 'Operating Segments'. The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Board of Directors. The Board retains full responsibility to ensure that the Investment Manager adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Manager. Accordingly, the Board is deemed to be the 'Chief Operating Decision Maker' of the Company. In the Board of Directors' opinion, the Company is engaged in a single segment of business, being investment in a portfolio of funds, funds of funds and other similar assets.Segment information is measured on the same basis as that used in the preparation of the Company's Financial Statements.

The Company receives no revenues from external customers, nor holds any non-current assets, in any geographical area other than Guernsey or Cayman Islands.

4. Operating Expenses

	31 December 2020 £	31 December 2019 £
Administration fees	92,795	130,942
Directors' remuneration (Note 5)	132,000	186,881
Directors insurance	13,400	27,271
Registration fees	23,855	28,804
Audit fees	56,000	50,196
Legal and Professional fees	20,169	17,608
Other operating expenses	142,477	153,624
Total expenses for the year	**480,696**	**595,326**

5. Directors' Remuneration

	31 December 2020 £	31 December 2019 £
Vic Holmes, Chairman	50,000	57,500
Steve Le Page	42,000	48,000
Paul Le Page	40,000	46,000
Sarita Keen (resigned 31 October 2019)	–	35,381
	132,000	**186,881**

The agreed annual directors fees are shown on page 18, where applicable pro rata fees have been paid.

6. Earnings per Share

	31 December 2020	31 December 2019
Profit and total comprehensive income for the year	8,720,757	447,221
The weighted average number of shares in issue during the year	23,093,530	75,572,708
	Pence (£)	Pence (£)
Earnings per share	37.76	0.59

7. Related Party Transactions

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.

Transactions with related parties are made on terms equivalent to those that prevail in an arm's length transaction.

Directors' remuneration is disclosed in Note 5.

8. Investments Designated at Fair Value through Profit or Loss

	31 December 2020 £	31 December 2019 £
Unquoted financial assets		
Portfolio cost carried forward	36,188,155	52,650,677
Unrealised gains on financial assets at fair value through profit or loss	19,302,217	12,689,442
Valuation carried forward	**55,490,372**	**65,340,119**
Realised gains on sales and conversions on current assets	2,410,665	958,504
Unrealised gains/(losses) on non-current assets	150,626	(150,626)
Unrealised gains/(losses) on current assets	6,462,150	(2,765,112)
Net gains/(losses) on financial assets at fair value through profit or loss	**9,023,441**	**(1,957,234)**
Highbridge Tactical Credit Fund, Ltd	40,533,602	35,581,874
Highbridge Multi-Strategy Fund Corporation	11,552,585	26,349,614
AllBlue and AllBlue Leveraged	3,404,185	3,408,631
	55,490,372	**65,340,119**

IFRS 13 requires fair value to be disclosed by the source of inputs, using a three-level hierarchy:

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

The fair values of the unquoted investments held by the Company are based on the published NAV of the TCF Feeder, and the most recently available NAV of MSF Corp, AllBlue and AllBlue Leveraged. On the basis that the significant inputs to the fair value of the TCF Feeder and MSF Corp are observable and no significant unobservable adjustments are made to the valuations, the Company categorises the TCF Feeder and HMS Master Fund as Level 2. As the fair value determination for AllBlue and AllBlue Leveraged as at 31 December 2020 is unobservable, these have been categorised as Level 3.

Details of the value of the classifications are listed in the table below. Values are based on the fair value of the investments as at the reporting date:

	31 December 2020 £	31 December 2019 £
Financial assets at fair value through profit or loss		
Level 1	–	–
Level 2	52,086,187	61,931,489
Level 3	3,404,185	3,408,630
	55,490,372	**65,340,119**
Financial liabilities at fair value through profit or loss		
Level 1	–	–
Level 2	(10,035,938)	(41,243,224)
Level 3	(3,183,744)	(3,187,925)
	(13,219,682)	**(44,431,149)**

Movements in the Company's Level 3 financial instruments during the year were as follows:

	31 December 2020 £	31 December 2019 £
Financial Assets Level 3 reconciliation		
Balance at beginning of the year	3,408,630	4,510,312
Disposals	–	(1,096,761)
Movement in unrealised losses on valuation	(4,445)	(4,921)
Balance at end of year	**3,404,185**	**3,408,630**

	31 December 2020 £	31 December 2019 £
Financial Liabilities Level 3 reconciliation		
Balance at beginning of the year	(3,187,925)	(3,315,422)
Repayments	–	134,394
Movement in unrealised gains/(losses) on valuation	4,181	(6,897)
Balance at end of year	**(3,183,744)**	**(3,187,925)**

Redemption from TCF Feeder

As at 31 December 2020, redemption proceeds from TCF Feeder of £13,486,134 were due to the Company (31 December 2019: nil).

During January 2021, the Company received £13,486,134 in cash from TCF Feeder. The Company also received £271,322 of shares in TCF Feeder from the MSF Corp distribution.

Return of Capital from MSF Corp

During 2019, Highbridge Capital Management LLC, the Investment Manager to the HMS Master Fund announced that the HMS Master Fund would be wound down.

From the start of the program to 31 December 2020, the Company has received redemption proceeds from MSF Corp totalling £157,594,712 (31 December 2019: £137,089,564). During January 2021, the Company received £964,968 of cash and £271,322 of shares in TCF Feeder from the MSF Corp distribution.

Return of Capital from AllBlue and AllBlue Leveraged

On 1 December 2015, BlueCrest, the Investment Manager to the BlueCrest suite of funds, and the Board of Directors of each of the relevant BlueCrest funds (or General Partner, where appropriate) announced that the BlueCrest funds would embark upon a programme to return the capital managed in these funds to investors.

From the start of the program, the Company has received redemption proceeds from the AllBlue funds totalling £712,213,318 from the Sterling Share Class and US$42,684,695 from the US Dollar Share Class. No distributions from the AllBlue funds were received during the year (31 December 2019: £1,096,760 of redemption proceeds were received (£1,049,234 from the Sterling Share Class and US$47,526 from the US Dollar Share Class)).

The Company was notified in August 2018 that the BlueCrest funds had appointed liquidators on 11 July 2018. The appointment of BlueCrest as investment manager to the BlueCrest Funds terminated on 11 July 2018, although BlueCrest will continue to assist the liquidators during the liquidation process as required. The liquidators advised that the completion of the liquidation and future distributions to investors would be dependent upon the successful realisation of the assets held by the BlueCrest funds. No further distributions are planned at this time, and the possibility of interim distributions resulting from the future sale of the investments held by the BlueCrest funds will be considered by the liquidators as investments are realised by the BlueCrest funds.

9. Financial Liabilities Designated at Fair Value Through Profit or Loss

	31 December 2020 £	31 December 2019 £
Designated at fair value through profit or loss at inception:		
Balance at beginning of the year	(44,431,149)	(3,315,422)
Repayments	30,558,301	134,181,944
MSF Corp cash exit	–	(178,383,044)
Change in unrealised gains	653,166	3,085,373
	(13,219,682)	**(44,431,149)**
Other net changes in fair value on financial liabilities at fair value through profit or loss:		
Change in unrealised gains	653,166	3,085,373
Total gains	**653,166**	**3,085,373**

These liabilities represent the Redemption Liability, as defined in Note 1 (k), and are designated as at fair value through profit or loss for the reason explained in that note.

Please refer to Note 8 for the IFRS 13 Level 3 reconciliation.

10. Investment Distribution Receivable

As at 31 December 2020, redemption proceeds from TCF Feeder of £13,486,134 and MSF Corp of £1,236,290 were due to the Company (31 December 2019: MSF Corp £26,354,386).

During January 2021, the Company received £13,486,134 in cash from TCF Feeder. The Company also received £964,968 of cash and £271,322 of shares in TCF Feeder from the MSF Corp distribution.

11. Share Capital

Authorised Share Capital

An unlimited number of Ordinary shares of no par value each.

Issued	Total Number
Number of shares in issue (excluding Treasury Shares) at 1 January 2019	**105,391,869**
Purchase of own shares	(1,431,000)
Sales of Shares from Treasury	1,500,046
Share redemptions	(82,367,385)
Number of shares in issue (excluding Treasury Shares) at 31 December 2019	**23,093,530**
Number of shares in issue (excluding Treasury Shares) at 1 January 2020	**23,093,530**
Number of shares in issue (excluding Treasury Shares) at 31 December 2020	**23,093,530**

Pursuant to Section 276 of the Law, a Share in the Company confers on the shareholder the right to vote on resolutions of the Company, the right to an equal share in dividends authorised by the Board of Directors, and the right to an equal share in the distribution of the surplus assets of the Company.

The total number of Shares in issue, as at 31 December 2020 was 49,260,348 (31 December 2019: 49,260,348), of which 26,166,818 (2019: 26,166,818) Shares were held in treasury, and the total number of shares in issue excluding treasury shares was 23,093,530 (31 December 2019: 23,093,530). All treasury shares were cancelled by the Board at its meeting on 19 February 2021.

12. Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments concern its holding in TCF Feeder as well as the investments in MSF Corp, AllBlue and AllBlue Leveraged. The main risks attaching to those investments are market risk, credit risk and liquidity risk.

So far as the Company is concerned, the only risk over which the Board can exert direct control is liquidity risk through its ability to exercise redemption rights in TCF Feeder for the purpose of funding the ongoing expenses of the Company. In accordance with the winding up process described in the EGM Circular, the Company has now given notice to redeem the second of the four quarterly redemption requests required to redeem the entire holding in TCF Feeder (and thereby the Underlying Fund). However, the Company remains exposed to the performance of the Underlying Fund until 30 September 2021 as the terms of its investment into TCF Feeder restrict redemption to 25% of the holding each quarter.

Redemptions are restricted to 25% of the Company's holding in TCF Feeder on any quarterly redemption date and there are various circumstances under which TCF Feeder can further restrict redemptions. Accordingly, since the change of investment policy and the appointment of Highbridge as Investment Manager, the Company has held a modest cash reserve to cover its running costs. Additionally, proceeds available from its money market investments, MSF Corp as well as the redeeming from TCF Feeder enable the Company to meet its liabilities as they fall due. Thereafter the Board recognises that the Company has, via its holding of shares in TCF Feeder an indirect exposure to the risks summarised below.

It must also be noted that there is little or nothing which the Board can do to manage each of the following risks within TCF Feeder or the investments in which the Underlying Fund invests under the current investment objective of the Company. With regard to the recoverability of the investment in respect of MSF Corp the Company will remain a shareholder until all of the assets of HMS Master Fund have been liquidated. In respect of AllBlue and AllBlue Leveraged funds, the Company is now reliant on the liquidators of the BlueCrest funds to return the remaining capital to investors.

Details of the Company's investment objective and policy are given in Note 12 to the Financial Statements and details of the Underlying Fund's investment objective and policy are given on page 9.

Market risk

Price Risk

The success of the Company's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of the TCF Feeder's investments. Volatility or illiquidity could impair the TCF Feeder's profitability or result in losses.

The Company invests substantially all its assets in TCF Feeder and does not undertake any structural borrowing or hedging activity at the Company level. Its performance, therefore, is principally directly linked to the NAV of TCF Feeder, which invests solely in the Underlying Fund.

Price sensitivity

The Company also has a residual exposure of approximately £2.5m to MSF Corp (31 December 2019: £6.0m) which is in the process of winding up and a de-minimus exposure of approximately £0.2m to AllBlue entities (31 December 2019: £0.2m).

At 31 December 2020, if the NAV of the underlying investments had been 10% higher/lower with all the other variables held constant, the shareholders' equity as at 31 December 2020 would have increased/decreased by £4.3m (31 December 2019: increase/decrease of £4.1m) This change arises due to the net increase/decrease in the fair value of financial assets and financial liabilities at fair value through profit or loss.

Currency Risk

The Company is not exposed directly to material foreign exchange risk as the Company has a sterling functional currency and is directly invested in sterling shares of TCF Feeder. The Company's investment in MSF Corp continues to be actively hedged by the Investment Manager but the Company's currency exposure within the AllBlue entities is not actively hedged by the liquidator.

12. Financial Risk Management Objectives and Policies *continued*

Interest Rate Risk

The prices of securities tend to be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of long positions and short positions adopted to move in directions which were not originally anticipated. Generally, an increase in interest rates will increase the carrying values of investments. However, the Company's investments and liabilities designated as at fair value through profit or loss are non interest bearing, and therefore are not directly exposed to interest rate risk.

The Company's own cash balances are not materially exposed to interest rate risk as cash and cash equivalents are held on floating interest rate terms and the Company does not rely on income from bank interest to meet day to day expenses.

Credit Risk

Credit risk is the risk that financial losses arise from the failure of a customer or counterparty to meet its obligations under a contract. Direct credit risk arises from cash and cash equivalents which consists of cash held at banks and money market accounts, money market funds, securities sold receivables (where applicable) and other receivables. The Company only deposits money with appropriately rated counterparties.

The nature of commercial arrangements made in the normal course of business between many prime brokers and custodians means that in the case of any one prime broker or custodian defaulting on its obligations to the Underlying Fund, the effects of such a default may have negative effects on other prime brokers with whom the Underlying Fund deals. TCF Feeder and the Company may, therefore, be exposed to systemic risk when the Underlying Fund deals with prime brokers and custodians whose creditworthiness may be interlinked.

The assets of the Underlying Fund may be pledged as margin with prime brokers or other counterparties or held with prime brokers or banks. In the event of the default of any of these prime brokers, banks or counterparties, the Underlying Fund may not receive back all or any of the assets pledged or held with the defaulting party.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Board consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 31 December 2019, all other receivables (excluding HMS Master Fund, AllBlue and AllBlue Leveraged), amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are due to be settled within one week.

The Board consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum exposure to credit risk, excluding any credit exposures in the MSF Corp, AllBlue and AllBlue Leveraged before any credit enhancements at 31 December 2020 is the carrying amount of the financial assets as set out below:

	31 December 2020 £	31 December 2019 £
Cash at bank	1,999,937	2,309,078
Cash held in money market fund	116,737	116,281
Investment distribution receivable	14,722,424	26,354,386
	16,839,098	**28,779,745**

Liquidity Risk

In order to realise its investment in TCF Feeder, the Company generally may, as of any calendar quarter-end, upon at least 65 days' prior written notice to the administrator of TCF Feeder, redeem up to, but not exceeding, 25% of the number of TCF Feeder shares issued to the Company upon each subscription. Redemption proceeds may be paid in cash or, at the discretion of TCF Feeder, in kind.

There can be no assurance that the liquidity of the Underlying Fund's investments will always be sufficient to meet redemption requests as, and when, made. Any such lack of liquidity may affect the ability of the Company to realise its shares in its investments and the value of Shares in the Company. Redemption requests may be deferred in exceptional circumstances including if a lack of liquidity may result in difficulties in determining the Underlying Fund's NAV or NAV per share. This in turn would limit the ability of the Directors to realise the Company's investments should they consider it appropriate to do so and may result in difficulties in determining the NAV of a Share in the Company. The market prices, if any, for such illiquid investments tend to be volatile and may not be readily ascertainable and the Underlying Fund may not be able to sell them when it desires to do so or to realise what it perceives to be their fair value in the event of a sale. The size of the Underlying Fund's positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by the counterparties with which the Underlying Fund enters into repurchase/reverse repurchase agreements or derivative transactions, to reduce the level of leveraging, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Underlying Fund's portfolio.

In some circumstances, investments held by the Underlying Fund may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted for them on the various exchanges. Accordingly, the ability of the manager of the Underlying Fund to respond to market movements may be impaired and, consequently, they may experience adverse price movements upon liquidation of their investments which may in turn affect the value of the Company's investment. Settlement of transactions may be subject to delay and administrative formalities.

The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

The Underlying Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

The Company will continue to be a shareholder of MSF Corp until all of the assets of the HMS Master Fund have been liquidated. The Company has received approximately 94% of its holding in MSF Corp to date.

The residual investments in AllBlue and AllBlue Leveraged funds are known to be mostly concentrated in a single illiquid securitisation position which a liquidator appointed by BlueCrest was attempting to sell. In 2020, the securitisation position remained unsold but progress was made in resolving a creditor dispute which had prevented the sale. The AllBlue and AllBlue Leveraged funds are also party to a number of legal claims and an outstanding SEC settlement which could have a significant valuation impact. Valuations of the AllBlue and AllBlue Leveraged funds are provided at the discretion of the liquidator. The valuation movements may be substantial but the impact on the NAV of the Company's shares will be mitigated by the fact that the Company has only 0.38% of its net asset value as at 31 December 2020 exposed to the AllBlue and AllBlue Leveraged funds. The valuation and liquidity impact of movements in the AllBlue and AllBlue Leveraged funds valuations are expected to become a more significant part of the Company's assets as the Company winds down, as there is considerable uncertainty in the timing and size of future cash-flows these investments and the associated creditor liabilities are reported as being due in more than one year.

The investment in TCF Feeder is treated as realisable within 12 months as the Company is expecting to receive the sale proceeds within the next 12 months. The MSF Corp investment is expected to convert into shares in TCF Feeder within the next 12 months. As the redemption of the shares that are due to be received by the Company will be governed by the quarterly redemption gate it is anticipated that a full realisation of the residual MSF Corp holding will take more than one year. In respect to AllBlue and AllBlue Leveraged funds, the Company is now reliant on the liquidators of the BlueCrest funds to return the remaining capital to investors.

The redemption process for TCF Feeder will be governed by the terms of the Underlying Fund, in that the redemption proceeds will be distributed in four quarterly instalments and shareholders therefore will continue to be exposed to the performance of the Underlying Fund until the final quarterly redemption occurs. The Board made the first distribution of £13,625,182 to shareholders during February 2021 by way of a compulsory partial redemption of Ordinary Shares. The final quarterly redemption will occur at the end of September 2021 with distribution expected to occur in mid-November 2021.

12. Financial Risk Management Objectives and Policies *continued*

Liquidity Risk *(continued)*

The table below details the residual maturities of financial assets and liabilities:

	As at 31 December 2020			
	1-3 months £	3-12 months £	More than 1 year £	Total £
Assets				
Unquoted Financial assets designated at fair value through profit or loss	–	40,533,602	14,956,770	55,490,372
Cash and cash equivalents	2,116,674	–	–	2,116,674
Investment distribution receivable	14,722,424	–	–	14,722,424
Other receivables (excluding prepayments)	15,609	–	–	15,609
Liabilities				
Unquoted Financial liabilities designated at fair value through profit or loss	–	–	(13,219,682)	(13,219,682)
Due to redeeming shareholders	–	(802,745)	–	(802,745)
Accrued expenses	(92,458)	–	–	(92,458)
Provision for wind-down costs	–	(475,000)	–	(475,000)

	As at 31 December 2019			
	1-3 months £	3-12 months £	More than 1 year £	Total £
Assets				
Unquoted Financial assets designated at fair value through profit or loss	–	61,931,488	3,408,631	65,340,119
Cash and cash equivalents	2,425,359	–	–	2,425,359
Investment distribution receivable	26,354,386	–	–	26,354,386
Other receivables (excluding prepayments)	221,470	–	–	221,470
Liabilities				
Unquoted Financial liabilities designated at fair value through profit or loss	–	(41,243,224)	(3,187,925)	(44,431,149)
Due to redeeming shareholders	(803,781)	–	–	(803,781)
Accrued expenses	(90,534)	–	–	(90,534)

Leverage by Underlying Fund

The Underlying Fund may also invest with leverage, may borrow and engage in margin transactions. Such leverage may take a variety of forms, including margin loans by Underlying Fund's prime brokers for the purchase or sale of securities, from total return and credit default swaps and, implicitly, as a result of the low margin requirements with respect to futures contracts and other derivative investments.

Assets and Liabilities not carried at fair value but for which fair value is disclosed

The following table analyses the Company's assets and liabilities (by class) not measured at fair value at 31 December 2020 and 2019 but for which fair value is disclosed.

	31 December 2020 £	31 December 2019 £
Assets		
Prepayments and Receivables	15,609	240,037
Cash and Cash Equivalents	2,116,674	2,425,359
Investment distribution receivable	14,722,424	26,354,386
	16,854,707	**29,019,782**
Liabilities		
Sundry accruals and payables	92,458	90,534
Provision for wind-down costs	475,000	–
Due to redeeming shareholders	802,745	803,781
	1,370,203	**894,315**

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Capital Management

As the Company's Ordinary Shares are of no par value, distributions are not paid and the Law does not require the maintenance of a Share premium account, the Directors regard the otherwise distributable reserves of the Company to be its capital for the purposes of this disclosure. Capital for the reporting year under review is summarised in Note 11 to these Financial Statements.

At the AGM held on 2 August 2019 pursuant to section 199 of the Law, the Directors were granted authority to buy back up to 14.99% of the Ordinary Shares in issue. The Director's authority to make purchases of its own issued Ordinary Shares expired at the conclusion of the AGM held on 5 August 2020 as the Directors did not sought renewal.

The Company's authorised share capital is such that further issues of new Ordinary Shares could be made, subject to waiver of pre-emption rights. Subject to prevailing market conditions, the Board may decide to make one or more further such issues or reissues of Ordinary Shares for cash from time to time. Any further issues of new Ordinary Shares or reissues of Ordinary Shares held in treasury will rank *pari passu* with Ordinary Shares in issue.

There are no provisions of the Law which confer rights of pre-emption in respect of the allotment of Shares but there are pre-emption rights contained in the Articles. The Directors were granted the power to issue up to 4.618 million further Shares on a non-pre-emptive basis for a period concluding on 31 December 2020, by a special resolution of shareholders passed on 20 February 2020, however, the right expired with effect from 31 December 2020. There were no pre-emption rights as at 31 December 2020.

Unless authorised by shareholders, the Company will not issue further Ordinary Shares or reissue Ordinary Shares out of treasury for cash at a price below the prevailing NAV per Share unless they are first offered pro rata to existing shareholders.

13. NAV reconciliation

The following is a reconciliation of the NAV per share attributable to ordinary shareholders as presented in these Financial Statements to the unaudited NAV per share reported to the LSE.

	NAV per Ordinary Share £
Net Asset Value reported to London Stock Exchange (unaudited)	2.5214
Provision for wind-down costs	(0.0205)
Net Assets Attributable to Shareholders per Financial Statements (audited)	**2.5009**

14. Events After the Year End

The first quarterly redemption proceeds from TCF Feeder of £13,486,134 in connection with the Company's managed wind-down were received in January 2021 and the Board made a return of capital to shareholders on 25 February 2021 of £13,625,182 by way of a compulsory partial redemption of Ordinary Shares. The second TCF Feeder quarterly redemption was submitted during January 2021 in time for the 31 March 2021 dealing day and it is anticipated that proceeds from this second redemption will be distributed in May 2021.

In January 2021 a further distribution from MSF Corp was received in the amount of cash £964,968 and £271,322 of shares in TCF Feeder. The Board has determined that it is not economically viable to make a distribution at this time, so will review the position when the next distribution is received.

All treasury shares were cancelled by the Board on 19 February 2021.

There have been no other significant events since the year end which would require revision of the figures or disclosures in these Financial Statements

Shareholder Information

Unaudited Schedule of Investments as at 31 December 2020

Investment assets	Nominal holdings	Valuation source currency	Valuation £	Total net assets %
Highbridge Tactical Credit Fund, Ltd – Class F -Series N – RF	33,139	£40,533,602	40,533,602	70.18%
*Highbridge Multi-Strategy Fund Corporation – Class F – Series N – RF/Mar 16	175,346	£1,014,586	1,014,586	1.76%
* Highbridge Multi-Strategy Fund Corporation – Class F – Series N – RF/Apr 18	12,890	£5,276,844	5,276,844	9.14%
* Highbridge Multi-Strategy Fund Corporation – Class F – Series N – RF/Jun 18	990	£399,740	399,740	0.69%
* Highbridge Multi-Strategy Fund Corporation – Class F – Series N – RF/Jul 18	5,370	£2,183,041	2,183,041	3.78%
* Highbridge Multi-Strategy Fund Corporation – Class F – Series N – RF/Aug 18	2,400	£979,399	979,399	1.70%
* Highbridge Multi-Strategy Fund Corporation – Class F – RF/Dec 18	3,650	£1,527,424	1,527,425	2.63%
* Highbridge Multi-Strategy Fund Corporation – Class F – RF/Sept 19	3,250	£171,550	171,550	0.30%
			11,552,585	**20.00%**
**Financial Liability - Highbridge Multi-Strategy Fund Corporation			(9,070,970)	(15.71%)
Net Highbridge Multi-Strategy Fund Corporation			**2,481,615**	**4.29%**
AllBlue Limited Sterling Share	11,114	£2,662,226	2,662,226	4.60%
AllBlue Limited US Dollar Shares	809	US$195,068	142,698	0.25%
AllBlue Leveraged Feeder Limited Sterling Shares	2,040	£599,261	599,261	1.04%
			3,404,185	**5.89%**
Financial Liability - AllBlue Limited and Leveraged			(3,183,744)	(5.51%)
Net AllBlue and Leverage Fund			**220,441**	**0.38%**
			43,235,658	**74.86%**

* Highbridge decided to aggregate the different investment series into the main (original) series that was bought into originally (Highbridge Multi Strategy Fund Class F Series N – RF/Mar 16) on the 1 January 2017. Highbridge Multi-Strategy Fund Corporation (formerly: 1992 Multi-Strategy Fund Corporation).

**Financial Liability – Highbridge Multi-Strategy Fund Corporation has been reduced by the cash element of the Investment Distribution received in January 2021 of £964,968.

Unless the context suggests otherwise, references within this report to:

'**AIFM**' means Alternative Investment Fund Manager.

'**AllBlue Leveraged**' means AllBlue Leveraged Feeder Limited.

'**AllBlue**' means AllBlue Limited.

Barclays Aggregate Bond Index ('**Barclays Aggregate**') represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. The index is USD denominated. The Products are not sponsored, endorsed, sold or promoted by Barclays Capital, and Barclays Capital makes no warranty, express or implied, as to the results to be obtained by any person or entity from the use of any index, any opening, intra-day or closing value therefor, or any data included therein or relating thereto, in connection with any Fund or for any other purpose. Barclays Capital's only relationship to the Licensee with respect to the Products is the licensing of certain trademarks and trade names of Barclays Capital and the Barclays Capital indexes that are determined, composed and calculated by Barclays Capital without regard to Licensee or the Products.

'**Beta**' is a measure of how sensitive the price of an investment is to movements in a reference index. The Underlying Fund's Beta is determined by calculating the slope of a regression line of a scatter plot of the fund's return to the FTSE 100 index's return, based on monthly observations.

'BlueCrest' means BlueCrest Capital Management Limited.

'**Board**' means the Board of Directors of the Company.

'**Company**' means Highbridge Tactical Credit Fund Limited.

'**Credit Fund**' The Tactical Credit Fund is a multi-strategy credit fund that seeks to generate returns from relative value and idiosyncratic opportunities. The Tactical Credit Fund, which launched in November 2013, currently invests in six credit focused sub-strategies: (i) mid-cap convertible credit; (ii) European convertible credit; (iii) capital structure arbitrage; (iv) event credit; (v) income investments and (vi) distressed credit and reorganised equities.

'**FTSE 100**' is a capitalisation weighted performance index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. Ticker: UKX Index (Currency GBP). The index is GBP denominated.

'**Funds underlying AllBlue**' means the seven underlying funds of AllBlue comprising BlueCrest Capital International Limited, BlueTrend 2x Leveraged Fund Limited (with effect from 1 July 2015, BlueTrend Fund Limited prior to 1 July 2015), BlueCrest Multi Strategy Credit Fund Limited, BlueCrest Emerging Markets Fund Limited, BlueCrest Mercantile Fund Limited, BlueCrest Equity Strategies Fund Limited and BlueCrest Quantitative Equity Fund Limited (together, including the master funds into which such funds invest).

'**GFSC Code**' means the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance.

'**Highbridge**' means Highbridge Capital Management, LLC (the "Investment Manager").

'**HMS Master Fund**' means Highbridge Multi-Strategy Master Fund, L.P. (formerly: 1992 Multi-Strategy Master Fund, L.P.), the multi-strategy fund managed by Highbridge into which the Company holds, via its investment in Class F shares of Highbridge Multi-Strategy Fund Corporation (formerly: 1992 Multi-Strategy Fund Corporation).

'**MSF Corp**' means Highbridge Multi-Strategy Fund Corporation (formerly: 1992 Multi-Strategy Fund Corporation), an exempted company incorporated with limited liability in the Cayman Islands.

'**IFRS**' means the International Financial Reporting Standards as adopted by the European Union.

The '**Secretary**' or the '**Administrator**' means Praxis Fund Services Limited.

'**Law**' means the Companies (Guernsey) Law 2008 (as amended).

The S&P 500 Index ('**S&P 500**') consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. Ticker: SPX Index (Currency USD). The index is USD denominated.

'**Shares**' means the sterling Shares of the Company in issue.

'**SPACs**' – ('Special Purpose Acquisition Companies'). These are stock exchange listed companies that raise capital to acquire private companies which are not typically identified in advance. They are more commonly known as shell companies in the UK.

'**Sharpe Ratio**' means the average return earned in excess of the risk-free rate per unit of volatility or total risk. The Sharpe measure was developed by Nobel Laureate William Sharpe. Return (the numerator) is defined as the incremental average monthly return of an investment over the risk free rate. Risk (the denominator) is defined as the standard deviation of the monthly investment returns less the risk free rate. The values for the risk free rate for the calculations are those of the 90 Day U.S. Treasury Bill. Values are presented in annualized terms; annualized Sharpe Ratios are calculated by multiplying the monthly Sharpe Ratio by the square root of twelve.

'**TCF Feeder**' means Highbridge Tactical Credit Fund, Ltd. (formerly: 1992 Tactical Credit Fund, Ltd), an exempted company incorporated with limited liability in the Cayman Islands.

'**Underlying Fund**' means Highbridge Tactical Credit Master Fund, L.P. (formerly: 1992 Tactical Credit Master Fund, L.P.), the tactical credit fund managed by Highbridge into which the Company invests substantially all of its assets, via its investment in Class F shares of Highbridge Tactical Credit Fund, Ltd (formerly: 1992 Tactical Credit Fund Corporation).

'**Annualised Volatility**' measures the dispersal or uncertainty in a random variable. It measures the degree of variation of monthly net returns around the average monthly net return. For this reason, volatility is often used as a measure of investment risk. Values are calculated by applying the traditional sample standard deviation formula to monthly return data, and then annualised by multiplying the result by the square root of twelve.

'**Website**' means the Company's website, https://www.highbridgemsfltd.co.uk

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