BIAS GLOBAL PORTFOLIOS, SPC

GLOBAL BALANCED FUND – US$ SEGREGATED PORTFOLIO

INVESTMENT POLICY

The Segregated Portfolio ("the Fund") holds a portfolio of global equities or limited partnership interests together with money market instruments, corporate bonds and government bonds of countries that are members of the Organization for Economic Cooperation and Development ("OECD") and other income producing securities.

TO THE SHAREHOLDERS

We are pleased to present the Annual Report and Financial Statements of the Fund for the year ended December 31, 2018. The net asset value per share of the Fund decreased from $128.96 as at 31st December 2017 to $122.38 as at 31st December 2018. This increase in value represents a total return after fees for the Fund of negative 5.10% for the 2018 calendar year. The total assets of the Fund increased from $31.1 million to $36.0 million over the calendar year ending December 31, 2018.

ANNUAL REVIEW

Over the course of the year, the equity allocation in the Global Balanced Fund was decreased due to maturing economic cycle and litany of concerns around trade, the Fed, and decelerating growth. Within our fixed income allocation, we maintained a slightly shorter duration in 2018 to guard against rising interest rates and added floating rate notes.

Despite the best economic growth of the cycle, and 25 percent year-over-year earnings growth for the S&P 500, US stocks struggled to deliver positive performance in 2018. A great deal of uncertainty relating to trade tensions and a rising geopolitical concerns undermined the stock prices. Within sectors, Healthcare was the best-performing sector as defensive characteristics of the group appeared attractive. On the flip side, Energy was the worst performing sector as oil prices plummeted almost 25 percent. European equities also struggled as negative economic surprises weighed on performance. Emerging Market equities were weighed down by currency weakness, the trade war, and country-specific issues. Our stock selection in Information Technology added the most value to the portfolio performance. Meanwhile, our stock selection in Communication Services sectors detracted from performance.

OUTLOOK

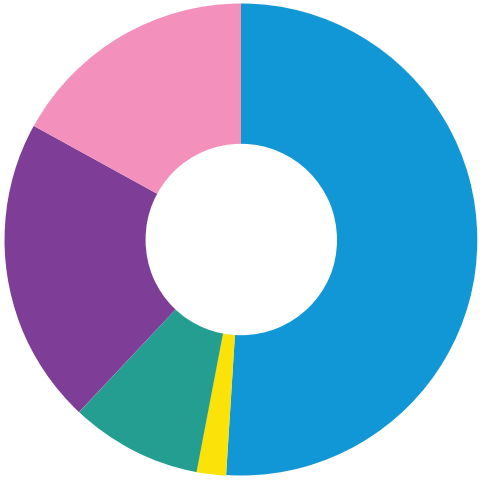
We still favor equities over fixed income securities. Whilst the economy is still relatively healthy, slower economic and profit growth expectations for 2019 have led to a more cautiously optimistic outlook on the equity markets. As a result, we remain defensively skewed in our positioning. In the US we prefer high quality companies to defend against the growing risk of rising margin pressure. We are overweight a mix of Cyclicals with depressed multiples and Defensives. In terms of regions, we are overweight China as well as other Asian emerging markets. Aggressive Chinese monetary stimulus and positive signs for US/China trade negotiations reinforce our decision to hold Chinese equities.

Robert R. Pires, MBA, CFA
Chairman
BIAS Global Portfolios SPC
BIAS Global Balanced Fund – US$ Segregated Portfolio
May 23, 2019

BIAS Global Balanced Fund

as at 31st December 2018

Bonds Strategy Allocation



LIBOR FRN	51.0%
CPI FRN	1.7%
0-1 YR	8.9%
1-3 YR	20.8%
3-5 YR	17.7%

Equity Strategy Allocation

Technology	18.2%
Health Care	18.0%
Financials	14.5%
Industrials	10.0%
Comm. Services	8.3%
Consumer Disc.	8.0%
Energy	7.5%
Consumer Staples	7.4%
Materials	3.7%
Utilities	3.4%
Real Estate	1.1%

ASSET CLASS ALLOCATION:

- Cash: 5%
- Equity Securities: 55%
- Fixed Income: 40%

BIAS structures portfolios according to the needs and risk profile of a specific investor. Some systematic risks should be acknowledged over which BIAS and other asset managers have no control including: trading on exchanges not regulated by any US Government agency, the Bermuda Monetary Authority, or the Cayman Islands Monetary Authority; possible failure of brokerage firms or clearing exchanges; illiquid Markets which may make liquidating a position at a given price more difficult. For more details on these and other risk factors, please refer to BIAS' Form ADV filed with the US Securities and Exchange Commission.

BIAS
INVESTMENT MANAGERS - SECURITIES ANALYSTS

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND –
US$ SEGREGATED PORTFOLIO

Financial Statements and Independent Auditors' Report

December 31, 2018

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND –US$ SEGREGATED PORTFOLIO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of:
BIAS Global Portfolios, SPC – BIAS Global Balanced Fund – US$ Segregated Portfolio

Opinion

We have audited the financial statements of BIAS Global Portfolios, SPC – BIAS Global Balanced Fund – US$ Segregated Portfolio ("the Fund"), which comprise the statement of financial position as at December 31, 2018, and the statements of comprehensive (loss) income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 are independent of the Fund in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters identified for the audit of the Fund are as detailed on the following page:

INDEPENDENT AUDITORS' REPORT (continued)

Existence and valuation of financial assets at fair value through profit or loss

Refer to the accounting policies and financial disclosures in the notes to the financial statements.

Description of the key audit matter	How the matter was addressed in our audit
The Fund's debt and equity investment portfolio makes up 95% of total assets (by value) and is considered to be the key driver of the Fund's capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be the subject to a significant level of judgement, because they comprise liquid, quoted investments that are held by third party custodians. However, due to their materiality in the context of the financial statements as a whole, they are considered of most significance in the audit of the financial statements.	Our procedures over the completeness, existence and valuation of the Fund's debt and quoted equity investment portfolio included, but were not limited to: • Documenting the processes in place to record investment transactions and to value the portfolio; • Agreeing the valuation of 100% of the debt and equity investment portfolio to externally quoted prices; and • Agreeing 100% of the debt and equity investment portfolio to independently received third party confirmations. No material exceptions were noted as part of our testing.

Other Information

Management is responsible for the other information. The other information comprises the letter from the Chairman and fact sheet, but does not include the financial statements and our auditors' 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 in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Samuel Young.

Mazars Cayman

May 23, 2019

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND – US$ SEGREGATED PORTFOLIO

Statements of Financial Position

December 31, 2018
(Expressed in United States dollars)

	Note	2018	2017
Assets			
Cash and cash equivalents	3, 6	$ 1,640,444	$ 1,221,286
Financial assets at fair value through profit or loss	5, 6, 10	34,170,606	29,945,894
Interest and dividend receivable		101,356	59,836
Subscription receivable		120,622	-
Other assets		3,415	9,858
Total assets		$ 36,036,443	$ 31,236,874
Equity			
Redeemable share capital	8	$ 2,940	$ 2,419
Share premium		28,967,571	22,116,989
Retained earnings		7,004,074	9,065,535
Total equity (net assets)		$ 35,974,585	$ 31,184,943
Liabilities			
Accounts payable and accrued expenses	7	$ 61,858	$ 51,931
Total liabilities		$ 61,858	$ 51,931
Total equity and liabilities		$ 36,036,443	$ 31,236,874
Class A Shares outstanding	8	293,964	241,818
Net asset value per share		$ 122.38	$ 128.96

See accompanying notes to the financial statements

Authorised for issue on behalf of the Board of Directors on May 23, 2019:

ROBERT R. PIRES
Director

DOYLE DALLY
Director

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND – US$ SEGREGATED PORTFOLIO

Statement of Comprehensive (Loss) Income

Year ended December 31, 2018
(Expressed in United States dollars)

	Note	2018	2017
Investment income			
Interest income	4	$ 280,434	$ 139,131
Dividends		361,192	305,646
Miscellaneous income		5,807	13,173
Net realised gain on sale of financial assets at fair value through profit or loss	5	1,313,381	570,481
Change in net unrealised (loss)/gain on financial assets at fair value through profit or loss	5	(3,382,782)	2,563,450
Total investment (loss) income		(1,421,968)	3,591,881
Expenses			
Management fees	7	(390,287)	(301,654)
Witholding tax expense	9	(108,663)	(86,220)
Custody and administration fees	7	(76,022)	(55,938)
Other general expenses		(61,188)	(32,174)
Directors' fees	7	(3,333)	(3,750)
Total expenses		(639,493)	(479,736)
Comprehensive (loss) income for the year		$ (2,061,461)	$ 3,112,145

See accompanying notes to the financial statements

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND – US$ SEGREGATED PORTFOLIO

Statement of Changes in Equity

Year ended December 31, 2018
(Expressed in United States dollars)

		Redeemable Share Capital	Share Premium	Retained Earnings		Total
Balance as at December 31, 2016	**$**	**2,175**	**19,164,822**	**5,953,390**	**$**	**25,120,387**
Total comprehensive income for the year						
Comprehensive income for the year		-	-	3,112,145		3,112,145
Transactions with owners, recognised directly in equity						
Contributions and redemptions to shareholders						
Issue of Class A Shares		957	11,471,436	-		11,472,393
Redemption of Class A Shares		(713)	(8,519,269)	-		(8,519,982)
Total transactions with owners		244	2,952,167	-		2,952,411
Balance as at December 31, 2017	**$**	**2,419**	**22,116,989**	**9,065,535**	**$**	**31,184,943**
Total comprehensive loss for the year						
Comprehensive loss for the year		-	-	(2,061,461)		(2,061,461)
Transactions with owners, recognised directly in equity						
Contributions and redemptions to shareholders						
Issue of Class A Shares		649	8,521,485	-		8,522,134
Redemption of Class A Shares		(129)	(1,670,903)	-		(1,671,032)
Total transactions with owners		520	6,850,582	-		6,851,102
Balance as at December 31, 2018	**$**	**2,939**	**28,967,571**	**7,004,074**	**$**	**35,974,584**

See accompanying notes to the financial statements

BIAS GLOBAL PORTFOLIOS, SPC
BIAS GLOBAL BALANCED FUND – US$ SEGREGATED PORTFOLIO

Statements of Cash Flows

Year ended December 31, 2018
(Expressed in United States dollars)

	2018	2017
Cash flows from operating activities		
Comprehensive (loss) income for the year	$ (2,061,461)	$ 3,112,145
Adjustments to reconcile profit to net cash (used in)/provided by operating activities:		
Amortisation and accretion of bond premiums and discounts	118,038	132,090
Purchase of investments	(19,148,392)	(17,130,662)
Proceeds from sale and maturity of investments	12,736,240	13,870,878
Net realised gain on sale and maturity of financial assets at fair value through profit or loss	(1,313,381)	(570,481)
Change in net unrealised loss/(gain) on financial assets at fair value through profit or loss	3,382,782	(2,563,450)
Change in operating assets and liabilities:		
Interest and other income receivable	(41,520)	32,091
Other assets	6,444	(2,634)
Accounts payable and accrued expenses	9,927	(2,963)
Net cash used in operating activities	(6,311,323)	(3,122,986)
Cash flows from financing activities		
Proceeds from subscriptions of Class A Shares	8,401,512	11,472,393
Payments on redemptions of Class A Shares	(1,671,032)	(8,522,131)
Net cash provided by financing activities	6,730,480	2,950,262
Net increase (decrease) in cash and cash equivalents	419,157	(172,724)
Cash and cash equivalents, beginning of year	1,221,286	1,394,010
Cash and cash equivalents, end of year	$ 1,640,443	$ 1,221,286
Supplemental information		
Interest received	$ 367,623	$ 291,809
Dividend received	350,521	305,674
Taxes paid	108,663	86,220

See accompanying notes to the financial statements

1. Incorporation and principal activity

BIAS Global Portfolios, SPC (the "Company") was incorporated as a Cayman Islands exempted company and registered as a segregated portfolio company under the Companies Law of the Cayman Islands on July 11, 2006. The Company registered under the Mutual Funds Law of the Cayman Islands on November 21, 2006. The address of its registered office is Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, P.O. Box 1350, George Town, Grand Cayman KY1-1108, Cayman Islands.

The Company established BIAS Global Balanced Fund – US$ Segregated Portfolio (the "Fund"), a segregated portfolio of assets, on December 15, 2006. The Fund commenced operations on December 29, 2006.

At December 31, 2018, the Company has three segregated portfolios, namely, the Fund, BIAS Equities Fund – US$ Segregated Portfolio and BIAS Short Duration Income Fund – US$ Segregated Portfolio (the "Segregated Portfolios"). Additional segregated portfolios may be established by the Company in the future at the sole discretion of the Board of Directors. As a matter of Cayman Islands law, the assets of one segregated portfolio will not be available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation.

The Fund's Class A Shares are listed on the Cayman Islands Stock Exchange and the Bermuda Stock Exchange.

The Fund is a segregated portfolio and a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective. The assets, liabilities, and results of operations of the Company or other segregated portfolios are not included in these financial statements. BIAS Asset Management Ltd. (the "Investment Manager"), a related party through common directors, acts as the Fund's Investment Manager under the Investment Management Agreement. The Investment Manager has entered into an agreement to delegate its duties to Bermuda Investment Advisory Services Limited (the "Sub-Manager"). BIAS (Cayman) Ltd. and Comerica Bank (the "Custodians") act as the Fund's custodians, and Beacon Fund Services (Cayman) Ltd. (the "Administrator") acts as the Fund's administrator.

Assets are identified as either general Company or Segregated Portfolio assets. Those attributable to a segregated portfolio comprise assets representing the total equity attributable to the segregated portfolio and other assets attributable to or held within that segregated portfolio. They are held separately from, and are not comingled with, assets of the other segregated portfolios noted above. The general assets of the Company comprise a cash balance of $1, representing the amount received upon issuance of the Ordinary Shares (see Note 8). As at December 31, 2018 and 2017, the general assets are not presented separately on the statements of financial position due to immateriality. No income or expenses have been attributed to the general assets to date.

The objective of the Fund is to achieve long-term capital growth in the value of assets. The policy of the Investment Manager and Sub-Manager is to hold a portfolio of global equities or limited partnership interests together with money market instruments, corporate bonds and Eurobonds of issuers throughout the world, government bonds of countries that are members of the Organization for Economic Cooperation and Development and other income producing securities.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. The accounting policies have been applied consistently throughout the period and are consistent with prior year.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

The financial statements are presented in United States ("US") dollars, which is also the Fund's functional currency, and not the local currency of the Cayman Islands reflecting the fact that the Fund's Class A Shares are issued in US dollars, and assets and liabilities are denominated in US dollars.

The statements of financial position present assets and liabilities in decreasing order of liquidity and do not distinguish between current and non-current items. All of the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

These financial statements are prepared on a fair value basis for financial assets and liabilities held at fair value through profit or loss. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or redemption amount which is considered to approximate fair value due to the short-term nature of these assets and liabilities.

Standards and amendments to existing standards effective January 1, 2018

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after January 1, 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2018 that have a material effect on the financial statements of the Fund.

New standards and amendments effective after January 1, 2018 and have not been early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2018 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

2. Significant accounting policies (continued)

(b) Investment income and expense

Dividend income is recorded on the ex-dividend date and is reported gross of withholding tax and the corresponding withholding tax is recognised as a tax expense. Bank interest income and expense is accounted for on the accrual basis.

Interest income from financial assets at fair value through profit or loss is recognised in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable is recognised in profit or loss as interest income.

(c) Financial assets and liabilities

(i) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss and are held for trading. As such, the Fund classifies all of its investment portfolio as financial assets as fair value through profit or loss. The Fund's policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Financial assets and liabilities that are not at fair value through profit or loss are recognised initially at fair value and subsequently measured at amortised cost, and include dividends and interest receivable, subscription receivable, other assets and accounts payable and accrued liabilities.

(ii) Recognition/derecognition

Purchases and sales of investments are initially recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Other financial assets and liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the instrument.

Investments and other financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred all risks and rewards of ownership. The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Subsequent to initial recognition, all financial assets and 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 assets at fair value through profit or loss' category is included in the statements of comprehensive (loss) income in the period in which they arise within net realised loss on sale of financial assets at fair value through profit or loss. Movements in unrealised gains and losses on financial assets are recognised in the statements of comprehensive (loss) income within change in net unrealised loss on financial assets at fair value through profit or loss.

2. Significant accounting policies (continued)

(c) Financial assets and liabilities (continued)

(iii) Measurement

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

(iv) Fair value measurement principles

The Fund's investments are valued on Friday of each week and at each month-end (the "Valuation Date"). In accordance with IFRS 13, for those financial assets and liabilities, at fair value through profit and loss, which have a quoted price in an active market, the Fund uses the last traded price in cases where the last traded price falls within the bid-ask spread. Where the last traded price falls outside the bid-ask spread, the bid price is used for long and the ask price for securities held short. There were no listed financial equity instruments for which quotations were not readily available in active markets on a recognised public stock exchange during any of the periods presented.

The fair value of fixed income securities are estimated using market price quotations (where observable).

The fair value of mutual funds and hedge funds are based on the net asset value of the Fund's investment in those underlying funds as published or otherwise reported by the underlying administrators. The mutual funds and hedge funds in which the Fund invests will generally value securities on a national securities exchange or reported on a national market at the last reported sales price on the day of valuation.

(v) Identification and measurement of impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the statements of comprehensive (loss) income when incurred. Interest on impaired assets continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive (loss) income. There are no impairments for the year ended December 31, 2018.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at fair through profit or loss and foreign exchange gains and losses. There is no offsetting in the statements of financial position at December 31, 2018.

2. Significant accounting policies (continued)

(d) Operating expenses

The Fund is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. All expenses are recognised in the statements of comprehensive (loss) income on the accruals basis.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank, money market investments, and balances held with the investment broker with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value. Money market funds are valued at the net asset value as provided by the managers of the underlying funds.

(f) Share capital

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Ordinary Shares are classified as share capital of the Company. The Class A Shares are the most subordinate class of financial instruments in the Fund. The Class A Shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each weekly redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity, if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's Class A Shares meet these conditions and are classified as equity.

When Class A Shares recognised as equity are redeemed, the par value of the shares is presented as a deduction from redeemable share capital. Any premium or discount to par value is recognised as an adjustment to share premium, or if insufficient to retained earnings. Redemptions payable are classified as financial liabilities and are measured at the present value of the redemption amounts.

2. Significant accounting policies (continued)

(g) Foreign currency

Assets and liabilities denominated in currencies other than US dollars are translated at exchange rates prevailing at the year-end date. Transactions in other currencies during the year are translated to US dollars at the rate prevailing at the date of the transaction. The resulting profits or losses are disclosed in the statements of comprehensive (loss) income.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange loss, except for those arising on financial instruments at fair value through profit or loss, which are recognised as a component of net realised gain/(loss) on sale of financial assets at fair value through profit or loss or change in net unrealised gain/(loss) on financial assets at fair value through profit or loss.

(h) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management does not believe that the estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Cash and cash equivalents

	2018	2017
Money market funds held at broker	$ 1,640,444	$ 1,221,286
Total	$ 1,640,444	$ 1,221,286

4. Interest income

	2018	2017
Interest income on financial assets carried at amortized cost:		
Cash and cash equivalents	$ 35,058	$ 11,474
Interest income on financial assets designated at fair value through profit or loss:		
Debt securities	$ 245,376	$ 127,657

5. Financial assets and liabilities at fair value through profit or loss

The following tables summarise financial assets and liabilities classified at fair value through profit or loss as at December 31, 2018 and 2017 and the related changes as presented in the statements of financial position and comprehensive (loss) income:

2018	Cost	Fair value
Financial assets held for trading:		
Government bonds	$ 6,223,215	$ 6,180,621
Corporate bonds	8,374,855	8,207,172
Equity Securities	19,245,726	19,782,813
Total	$ 33,843,796	$ 34,170,606

2017	Cost	Fair value
Financial assets held for trading:		
Government bonds	$ 3,775,402	$ 3,726,365
Corporate bonds	5,356,154	5,324,093
Equity Securities	17,104,746	20,895,436
Total	$ 26,236,302	$ 29,945,894

	2018	2017
Net realised gain/(loss) on sale of financial assets at fair value through profit or loss:		
Equity securities, corporate and government bonds	$ 1,313,381	$ 570,481
Change in net unrealised gain/(loss) on financial assets at fair value through profit or loss:		
Government bonds	6,443	$ (26,756)
Corporate bonds	(135,621)	(10,757)
Equity securities	(3,253,604)	2,600,963
Total	$ (3,382,782)	$ 2,563,450

The net realised (loss)/gain on sale of financial assets at fair value through profit or loss represents the difference between the acquisition price, or the carrying amount of a financial instrument, and its sale/settlement price. The change in net unrealised gain/(loss) on financial assets at fair value through profit or loss represents the difference between the acquisition price, or carrying amount of the respective financial instrument at the beginning of the period, and its carrying amount at the end of the period.

6. Fair values of financial instruments

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value:

Level 1: Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Fund has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets.

b) Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.

c) Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).

d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs are unobservable for the asset or liability. Unobservable inputs reflect the Fund's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent of the Fund and might include the Fund's own data.

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

6. Fair values of financial instruments (continued)

The following table analyses, under the fair value hierarchy, the Fund's financial assets and liabilities measured at fair value at December 31, 2018:

2018	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market funds	$ 1,640,444	$ –	$ –	$ 1,640,444
Government bonds:				
United States	–	6,180,621	–	6,180,621
Total government bonds	–	6,180,621	–	6,180,621
Corporate bonds:				
United States	–	6,949,554	–	6,949,554
United Kingdom		253,213	–	253,213
New Zealand	–	251,395	–	251,395
Netherlands	–	252,540	–	252,540
Canada	–	500,470	–	500,470
Total corporate bonds	–	8,207,172	–	8,207,172
Equity securities:				
United States	19,452,959	–	–	19,452,959
Ireland	210,362	–	–	210,362
Switzerland	119,492	–	–	119,492
Total equity securities	19,782,813	–	–	19,782,813
Total	$ 21,423,257	$ 14,387,793	$ –	$ 35,811,050

6. Fair values of financial instruments (continued)

The following table analyses, under the fair value hierarchy, the Fund's financial assets and liabilities measured at fair value at December 31, 2017:

2017	Level 1	Level 2	Level 3	Total
Financial Assets				
Money market funds	$ 1,221,286	$ –	$ –	$ 1,221,286
Government bonds:				
United States	–	3,726,365	–	3,726,365
Total government bonds	–	3,726,365	–	3,726,365
Corporate bonds:				
United States	–	4,311,925	–	4,311,925
France	–	250,760	–	250,760
Netherlands	–	259,208	–	259,208
Canada	–	502,200	–	502,200
Total corporate bonds	–	5,324,093	–	5,324,093
Equity securities:				
United States	20,130,059	–	–	20,130,059
United Kingdom	215,025	–	–	215,025
China	550,352	–	–	550,352
Total equity securities	20,895,436	–	–	20,895,436
Total	$ 22,116,722	$ 9,050,458	$ –	$ 31,167,180

There were no transfers between Levels 1, 2 and 3 during the years ended December 31, 2018 and 2017. Certain securities held in the in level 1 in the prior year, were reclassified to level 2 to conform to current year presentation.

6. Fair values of financial instruments (continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) not classified as at fair value through profit or loss at December 31, 2018 and 2017, but for which fair value is disclosed.

2018	Level 1	Level 2	Level 3	Total
Assets				
Interest and dividends receivable	$ –	$ 101,356	$ –	$ 101,356
Subscription receivable		120,622		
Other assets	–	3,415		3,415
Total	$ –	$ 225,393	$ –	$ 104,771
Liabilities				
Accounts payable and accrued expenses	$ –	$ 61,858	$ –	$ 61,858
Total	$ –	$ 61,858	$ –	$ 61,858

2017	Level 1	Level 2	Level 3	Total
Assets				
Interest and other income receivable	$ –	$ 59,836	$ –	$ 59,836
Other assets	–	9,858		9,858
Total	$ –	$ 69,694	$ –	$ 69,694
Liabilities				
Accounts payable and accrued expenses	$ –	$ 51,931	$ –	$ 51,931
Total	$ –	$ 51,931	$ –	$ 51,931

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

6. Fair values of financial instruments (continued)

Interest and dividends receivable and other assets that are classified in Level 2 include other obligations due to the Fund. Accounts payable and accrued expenses and redemptions payable represent the contractual amounts and obligations due by the Fund for settlement of trades and expenses.

7. Fees and expenses

Management fees
The Investment Manager of the Fund is responsible for the day-to-day operations of the Fund, including managing the investment portfolio, providing investment analysis and making decisions relating to the investment of assets of the Fund. The Fund is responsible for the payment of a management fee to the Investment Manager for its services to the Fund equal to 1.10% per annum of the Net Asset Value ("NAV") of the Fund, calculated weekly and payable monthly in arrears, effective March 31, 2016. Prior to March 31, 2016 the rate was 1.25% per annum. During the year ended December 31, 2018, management fees totalled $390,287 (2017: $301,654). As at December 31, 2018, management fees payable totalled $33,675 (2017: $29,048) and were included within accounts payable and accrued expenses on the statements of financial position. The Investment Manager compensates the Sub-Manager for performing its delegated duties.

Administration fees
The Administrator is entitled to receive fees amounting to 0.10% per annum based on the weekly NAV of the Fund, and subject to an annual minimum fee as per the agreement. The administration fee is calculated weekly and is payable monthly in arrears. Administration fees for the year ended December 31, 2018 totalled $40,511 (2017: $28,571). As at December 31, 2018, administrator fees payable totalled $3,521 (2017: $2,633) and were included within accounts payable and accrued expenses on the statements of financial position.

The Administrator and the Investment Manager are reimbursed by the Fund for other fees and expenses that are identifiable with the Fund.

Custody fees
BIAS (Cayman) Ltd. is entitled to receive fees amounting to 0.10% per annum based on the average weekly NAV of the Fund. The custody fee is calculated weekly and payable monthly. Custody fees for the year ended December 31, 2018 totalled $35,511 (2017: $27,367). As at December 31, 2018, custody fees payable totalled $3,097 (2017: $2,633) and were included within accounts payable and accrued expenses on the statements of financial position.

Directors' fees
Each Director who is not an officer or employee of the Investment Manager or Sub-Manager receives a flat annual fee for serving in such capacity. The fee will be in accordance with reasonable and customary Directors' fees. The Directors are entitled to reimbursement from the Fund for all reasonable out-of-pocket expenses incurred by them on behalf of the Fund.

8. Share capital

The Company has an authorised share capital as at December 31, 2018 and 2017 of $50,001 divided into 100 Ordinary Shares of $0.01 par value each and 5,000,000 non-voting, Redeemable Participating Shares of $0.01 par value each divided upon issue into Classes for each of the Segregated Portfolio funds. The Ordinary Shares of the Company are owned by the Investment Manager, and are the only shares of the Company with voting rights. The Company has authorised the issuance of up to 1,000,000 Class A Shares in the Fund.

8. Share capital (continued)

The issued share capital of the Company and Fund is as follows:

	2018		2017	
	Number	Par Value (US$)	Number	Par Value (US$)
Issued and fully paid:				
Company				
Ordinary Shares	100	1	100	1
Fund				
Class A Shares				
Balance at beginning of year	241,818	2,419	217,484	2,175
Issued during the year	65,039	649	95,663	957
Redeemed during the year	(12,893)	(129)	(71,329)	(713)
Balance at end of year	293,964	2,939	241,818	2,419

Each Class A Share represents a beneficial interest in the Fund ranking equally in all distributions when and as declared payable. An unlimited number of the Fund's shares may be issued which are redeemable each Monday and at such other times as the Directors may determine in their discretion at the shareholders' option at the then current NAV per share, in accordance with the terms of the Information Memorandum.

Notwithstanding the redeemable shareholders' rights to redemptions above, the Fund has the right, as set out in its Information Memorandum, to impose a redemption gate limit of 5% of the Class A Shares of the Fund or $100,000 in any redemption period in order to manage redemption levels and maintain the strength of the Fund's capital base.

In addition, no sales will be permitted within the first 90 days from initial purchase and a redemption fee of 2% will be assessed on Class A Shares redeemed within 12 months after their date of purchase and 1% on Class A Shares redeemed beyond 12 months, subject to a minimum fee of $25 per redemption request. The redemption fee will be shared equally between the Investment Manager and the Fund and may be waived at the discretion of the Directors.

The holders of the Ordinary Shares have a right to receive notice of, attend and vote as members at any general meeting of the Company. The Ordinary Shares are not entitled to dividends nor do they participate in the profits of neither the Company nor the Fund. On a liquidation of the Company, the general assets of the Company, being the assets of the Company which are not assets of the Segregated Portfolios, shall be available for distribution to the holders of the Ordinary Shares pro rata according to the number of Ordinary Shares held by them. The Ordinary Shares are held by the Investment Manager.

The holders of the Class A Shares are not entitled to receive notice of, attend and vote as members at any general meeting of the Company. Holders of the Class A Shares are entitled to receive dividends and participate in the profits of the Fund. On a liquidation of the Fund, the holders of the Class A Shares have a right to participate in the surplus assets of the Fund after the payment of all creditors.

9. Income taxes

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciation in value of the Fund. In the event that such taxes are levied, the Fund has received an undertaking from the Governor-in-Cabinet of Cayman Islands exempting it from all such taxes until July 25, 2026. As such, no provision for such taxes is included in the accompanying financial statements.

The Fund may, however, be subject to foreign withholding tax and capital gains tax in certain jurisdictions in respect of income derived from its investments.

10. Financial instruments and associated risks

The Fund is exposed to a variety of financial risks in pursuing its stated investment objective and policy. These risks are defined in IFRS 7 as including market risk (which in turn includes price, interest rate and currency risk), liquidity risk and credit risk. The Fund takes exposure to certain of these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction in the Fund's net assets. The Investment Manager will use its best endeavours to minimise the potential adverse effects of these risks on the Fund's performance where it can do so while still managing the investments of the Fund in a way that is consistent with the Fund's investment objective and policy.

The risks, and the measures adopted by the Fund for managing these risks, are detailed below.

(a) Price risk

Market price risk is defined in IFRS as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, equity prices and credit spreads.

The Fund's financial assets at fair value through profit or loss consist of fixed income securities, mutual funds, hedge funds and equity securities, the values of which are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to the Fund's performance. An increase or decrease of 100 basis points in the prices of fixed income securities, mutual funds, hedge funds and equity securities, with all other variables remaining constant, as at the reporting date would have increased or decreased net assets, respectively, by $341,706 (2017: $299,459).

In accordance with the Fund's policy, the Investment Manager monitors the Fund's positions on a daily basis and reports regularly to the Directors. The Directors then review the information on the Fund's overall market exposures provided by the Investment Manager at its periodic meetings.

As at December 31, 2018 and 2017, the overall market exposures and concentration of risk are limited to the amounts presented in the statements of financial position.

10. Financial instruments and associated risks (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's cash and cash equivalents and certain financial assets at fair value through profit or loss are interest bearing instruments. The Fund's other financial assets and liabilities are non-interest bearing.

The Fund's exposure to interest rate risk is detailed in the table below:

2018	Interest bearing	Non-interest bearing	Total
Cash and cash equivalents	$ 1,640,444	$ –	$ 1,640,444
Financial assets at fair value through profit or loss	14,387,793	19,782,813	34,170,606
Interest and dividends receivable	–	101,356	101,356
Subscriptions receivable	–	120,622	120,622
Other assets	–	3,415	3,415
Accounts payable and accrued expenses	–	(61,858)	(61,858)
Total	$ 16,028,237	$ 19,946,348	$ 35,974,585

2017	Interest bearing	Non-interest bearing	Total
Cash and cash equivalents	$ 1,221,286	$ –	$ 1,221,286
Financial assets at fair value through profit or loss	9,050,458	20,895,436	29,945,894
Interest and dividends receivable	–	59,836	59,836
Other assets	–	9,858	9,858
Accounts payable and accrued expenses		(51,931)	(51,931)
Total	$ 10,271,744	$ 20,913,199	$ 31,184,943

Should the interest bearing assets and liabilities held as of December 31, 2018, be held for a period of 12 months, an increase or decrease of 100 basis points in interest rates, with all other variables remaining constant, would have increased or decreased net assets by $160,282 (2017: $102,717).

10. Financial instruments and associated risks (continued)

(b) Interest rate risk (continued)

A summary of the Fund's fixed income holdings analysed by maturity date is as follows:

2018	0-3 months	3-12 months	1 year +	Total
Government bonds	$ 250,098	$ 501,172	$ 5,429,351	$ 6,180,621
Corporate bonds	250,155	2,502,375	5,454,642	8,207,172
Total	$ 500,253	3,003,547	$ 8,883,993	$ 14,387,793

2017	0-3 months	3-12 months	1 year +	Total
Government bonds	$ –	$ 250,320	$ 3,476,045	$ 3,726,365
Corporate bonds	–	503,948	4,820,145	5,324,093
Total	$ _	754,268	$ 8,296,190	$ 9,050,458

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund's Investment Manager and the Sub-Manager meet on a bi-weekly basis in order to manage all relevant risks to the Fund's investments, including currency risk.

The Fund has no exposure to foreign currency or securities denominated in foreign currencies at December 31, 2018.

(d) Other price risk

The Investment Manager monitors the concentration of risk for equity securities based on counterparties and industries [and geographic location as discussed in Note 6].

10. Financial instruments and associated risks (continued)

(d) Other price risk (continued)

The Fund's equity securities are concentrated in the following industries:

Investments in equity securities by industry	Year Ended December 31			
	2018		2017	
		%		%
Basic Materials	$ 232,490	1.2	$ -	-
Communications	2,039,343	10.3	2,830,346	13.5
Consumer, Cyclical	454,200	2.3	492,778	2.4
Consumer, Non-cyclical	2,430,305	12.3	906,020	4.3
Energy	627,503	3.2	442,431	2.1
Financial	2,526,643	12.8	2,753,680	13.2
Funds	8,363,152	42.3	10,627,909	50.9
Industrial	998,984	5.0	1,070,457	5.1
Technology	1,988,711	10.0	1,771,815	8.5
Utilities	121,482	0.6	-	-
	$ 19,782,813	100.0	$ 20,895,436	100.0

The Fund did not hold any positions as at December 31, 2018 which were greater than 5% of Net Asset Value. The Fund held 27,762 units in WisdomTree Europe Hedged Equity Fund for $1,768,717 as at December 31, 2017, which were greater than 5% of Net Asset Value.

(e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As of December 31, 2018 and 2017, the Fund's financial assets are greater than the financial liabilities and the assets held are liquid in nature. All liabilities are expected to mature within twelve months of the reporting date. As such, the Fund's management does not anticipate any material losses as a result of liquidity risk.

2018	Less than one month	One to three months	Total
Accounts payable and accrued expenses	$ 38,733	$ 23,125	$ 61,858
Total liabilities	$ 38,733	$ 23,125	$ 61,858

2017	Less than one month	One to three months	Total
Accounts payable and accrued expenses	$ 35,056	$ 16,875	$ 51,931
Total liabilities	$ 35,056	$ 16,875	$ 51,931

10. Financial instruments and associated risks (continued)

(e) Liquidity risk (continued)

As described in Note 8 to the financial statements, the Fund's Class A shares are redeemable at the shareholder's option on a weekly basis, and therefore the Fund is potentially exposed to weekly redemptions by its shareholders.

(f) Credit risk

Credit risk is defined as the risk that a counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation or commitment that it has entered into with the Fund.

The majority of the Fund's financial assets are held with Comerica Bank, which is rated "A3" (2017: "A3") based on rating agency Moody's ratings. Management regularly monitors the institution's credit risk and does not anticipate any significant losses from this concentration. Furthermore, the Fund only invests in investment grade fixed-income securities.

The Fund's maxium credit risk exposure at the reporting date is $16,253,630 (2017: $10,341,438) which is the sum of the cash and cash equivalents, government bonds, corporate bonds, interest and dividends receivable, subscriptions receivable and other assets reported in the statements of financial position.

The Investment Manager reviews the credit concentration of government bonds and corporate bonds held based on counterparties and industries [and geographic location as discussed in Note 6]. As of the reporting date, the Fund's government bonds and corporate bonds exposures were concentrated in the following industries:

Investments in fixed income securities by industry	**Year Ended December 31**			
	2018		2017	
		%		%
Communications	$ 750,685	5.2	$ 251,318	2.8
Consumer, Cyclical	499,963	3.5	250,028	2.8
Consumer, Non-cyclical	503,685	3.5	518,215	5.7
Energy	754,645	5.3	509,968	5.6
Financial	3,242,694	22.5	2,537,076	28.0
Government	6,180,621	43.0	3,726,365	41.2
Industrial	2,206,920	15.3	1,007,950	11.1
Technology	248,580	1.7	249,538	2.8
	$ 14,387,793	100.0	$ 9,050,458	100.0

The Investment Manager monitors the credit rating of debt securities on a continuous basis and actively reviews its investments to achieve profitable results.

10. Financial instruments and associated risks (continued)

(g) Regulatory environment risk

A changing regulatory environment, including, but not limited to, changes in relevant tax laws, securities laws, bankruptcy laws or accounting standards, may make the business of the Fund less profitable or unprofitable. The ability of the Fund to carry on business from the Cayman Islands or as a Cayman Islands Fund will depend upon its initial and continuing compliance with the relevant provisions of Cayman Islands law and, in particular, the Mutual Funds Law. Management regularly monitors the institution's regulatory environment risk and does not anticipate any significant changes relevant to the Fund.

(h) Dependence on the Investment Manager risk

The Investment Manager is responsible for investing the assets of the Fund. The success of the Fund depends upon the ability of the Investment Manager to develop and implement investment strategies that achieve the Fund's investment objectives.

11. Capital risk management

At December 31, 2018 the Fund had $35,974,585 (2017: $31,184,943) of redeemable share capital classified as equity. The capital of the Fund is represented by the net assets and can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of the Directors. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for holders of Class A shares and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund. The Fund's policies with respect to managing its capital risk are discussed in Note 8 above. There were no changes in the policies and procedures during the year with respect to the Fund's approach to its redeemable share capital management.

The Directors and Investment Manager monitor capital on the basis of the value of net assets.

The Fund is not subject to externally imposed capital requirements.

12. Related party transactions

As at December 31, 2018, the Directors of the Fund held 1,718 (2017: 1,929) Class A Shares in the Fund. As of December 31, 2018, persons or entities related to the Directors, the Investment Manager, or the Sub-Manager held 10.59% (2017: 11.31%) of the Class A Shares in the Fund.

BIAS (Cayman) Ltd. earns trade commission revenue based on trades executed within the Fund's normal course of business. For the year ended December 31, 2018 the total trade commissions earned amounted to $171,110 (2017: $114,781). Commissions are calculated by BIAS (Cayman) Ltd. based on gross trade amount and security type. BIAS (Cayman) Ltd. also earns custody fees as previously described in Note 7.

Management fees, commission fees, custody fees and Directors fees are considered related party transactions and are discussed in Note 7 above.

BIAS (Cayman) Ltd. and the Sub-Manager are related to the Fund by virtue of common control. As of December 31, 2018, the Fund held no investments in unconsolidated structured entities.

13. Subsequent events

Effective April 26, 2019, the Fund was renamed BIAS Balanced Fund – US$ Segregated Portfolio. From January 1, 2019 through May 23, 2019, the Fund received subscriptions of $2,118,904 and paid redemptions of $1,291,710.