



THIRD  
POINT

INTERIM REPORT & UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

# THIRD POINT INVESTORS LIMITED

(formerly Third Point Offshore Investors Limited)

For the period ended 30 June 2021

## Contents

### **Interim Report**

- 1 Chairman's Statement
- 4 Strategic Report
- 8 Directors' Report
- 19 Disclosure of Directorships in Public Listed Companies
- 20 Statement of Directors' Responsibilities in Respect of the Financial Statements
- 21 Investment Manager's Review

### **Independent Review Report**

- 24 Independent Review Report

### **Unaudited Condensed Interim Financial Statements**

- 26 Statement of Assets and Liabilities
- 27 Statement of Operations
- 28 Statement of Changes in Net Assets
- 29 Statement of Cash Flows
- 30 Notes to the Unaudited Condensed Interim Financial Statements
- IBC Management and Administration

# Chairman's Statement

Dear Shareholder,

The Company's net asset value (NAV) per share rose strongly by 16.5% over the period, outpacing both the S&P 500 and the MSCI World Index, which climbed 15.2% and 13.3%, respectively. The share price increased by 27.4%, capturing both the rise in NAV and a narrowing of the discount over the period, from 19.0% to 11.5%. These returns were generated against a backdrop of global economic strength, driven by tailwinds from post-pandemic re-openings and buoyed by loose monetary conditions and fiscal support.

Within the portfolio, each asset class contributed to returns. Public equity holdings ended the period with a net long position of approximately 84% of Master Fund NAV. Consistent with the Company's mandate, this allocation consists of both long and short equities running the gamut from 'constructivist' positions such as Prudential PLC or Intel, through long-term, quality growth holdings, to former venture capital holdings that are newly publicly-listed. Two of these latter types of investment were the biggest contributors to returns for the six-month period. Upstart Holdings, which operates a rapidly growing online lending platform, was both the largest position in the portfolio at the end of the period and the largest positive contributor. Upstart went public in December 2020 and the share price has risen by more than 500% since then, contributing 7.8% to Master Fund returns during the period. Similarly, SentinelOne, which offers AI-enabled solutions to protect clients from cyber-attacks, had been in the private equity book since 2015 and completed a successful IPO on June 30, 2021. It generated a contribution of 5.3% during the period.

We believe these companies to be strong examples of the abundant latent value in the Company's private equity positions and a strong endorsement of the Manager's long-term track record in this area. It is notable that these private equity positions, which as a result of recent public listings in aggregate now account for 4% of NAV, contributed just over 3% to overall return. Today, much of the value creation in certain companies is earned while a company is still private and, recognizing this, the Manager has continued to invest time and resources into this area. As further evidence that the lines between traditional public and private investing are blurring, there is more interest in late stage venture investments overall, which has helped to fuel the use of Special Purpose Acquisition Companies (SPAC's) to bring these assets to market. The Manager has shown expertise in navigating the increasingly volatile SPAC market and made several successful investments in the area over the past year. One recent example is its participation in the de-SPAC PIPE to bring retail social trading platform eToro public in March of this year.

The credit book, which represented just under 30% of NAV, generated a steady return over the period, contributing over 4% to returns. Credit exposure is diversified amongst investment grade securities, high yield and distressed positions, as well as significant holdings in asset backed securities. Often, credit holdings complement equity positions as the Manager looks to invest across the capital structure of a company. In the current portfolio, these positions include Upstart and Pacific Gas & Electric. This type of investing leverages the benefits of the broader team's investment insight and can change the risk profile of exposure through a single asset class.

Since 2019, the Board has sought to address the level of discount to NAV at which the Company's shares trade. After announcing and implementing a significant buyback in September 2019, we met with as many shareholders as we could identify to understand their views on the programme's progress. As a result of that review, we announced a series of further expansive measures at the beginning of April. These can be summarised as follows;

- The introduction of a discount control mechanism that will set a long-term target discount level of no more than 7.5% and strategically continue the Company's buy-back programme to move the discount towards this target;

## Chairman's Statement continued

- An implementation of two tender offers for 25% of NAV, at a discount of only 2% to NAV, if in the six-month periods ending 31 March 2024 and 31 March 2027, the average discounts to NAV at which the Ordinary Shares have traded is more than 10% and 7.5%, respectively;
- Recognizing the significant opportunity set in private markets and the Investment Manager's successful track record identifying innovative unlisted businesses, the Company will elect to receive an increased allocation to venture capital and private equity investment opportunities in the Master Fund of up to 20% of NAV;
- The Intention to employ gearing using a revolving credit facility not exceeding 15% of NAV which is intended to facilitate an ability to increase exposure at times of increased opportunity. On 1<sup>st</sup> September, we announced that a facility of \$150 million had been agreed. This capital will be deployed over the next quarter, and the Investment Manager has agreed that no additional fee will be payable on this facility; and
- In addition, the Board and the Investment Manager are creating an exchange mechanism, pursuant to which qualified investors will be permitted to convert shares of the Company for up to an aggregate of \$50 million of interests in the Master Fund. On 1<sup>st</sup> September, we announced the Board also intends to seek shareholder approval for the exchange facility to be offered again in 2022.

This ongoing programme of measures is designed to provide a path to a consistently narrower discount over time, with the Company continuing to provide liquidity should the discount fail to narrow.

Since these steps were announced, the discount has fallen from 19.0% and has traded over the past month in a range of 13.4% to 17.3%. Although this represents progress, we have made it clear that we expect the discount to narrow further and will keep under review the parameters on which the discount control programme operates. We are committed to achieving a narrower discount for the benefit of all shareholders.

As is typically the case, shareholders have varying views and it is the Board's obligation to manage the affairs of the Company in the interests of all shareholders. Subsequent to the 30<sup>th</sup> June, the Board has received two separate requests from the same group of shareholders representing 10% of the voting rights to hold a general meeting at which a vote would be held to allow short term liquidity at close to NAV. The Board sought legal advice on these requests and as a result declined to hold the votes on the grounds that, if passed, they would be ineffective in directing board decisions. We disagree with the view that the broader group of shareholders' interests would be served by pursuing such a course which would likely result in the rapid demise of the Company as a whole.

The Board believes that the Company provides a unique product in the closed-end fund market allowing investors to access a compelling strategy with a multi-decade track record of generating superior risk-adjusted returns. Our recent actions are designed to capitalise on the Company's investment strengths, with a strong commitment to materially reduce the discount to NAV over a clearly defined timescale.

Given the good progress that has already been made in narrowing the discount and the outstanding level of returns generated in both the NAV and share price, we are optimistic that the Company can meet and exceed investors' expectations in the future.

Looking ahead at the investment prospects, it is notable that the degree of focus which followed Daniel Loeb assuming the role as lead manager for the investment strategy has benefited shareholders. The Manager continues to look for, and find, opportunities across a range of asset classes and we are confident that its many strategies will allow us to generate superior risk-adjusted returns going forward.

**Steve Bates**



10 September 2021

# Strategic Report

The Directors submit their Interim Report, together with the Company's Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets, Statement of Cash Flows and the related notes for the period ended 30 June 2021 ("Unaudited Condensed Interim Financial Statements"). These Unaudited Condensed Interim Financial Statements have been properly prepared, in accordance with applicable Guernsey law and accounting principles generally accepted in the United States of America, and are in agreement with the accounting records.

## The Company

Third Point Investors Limited (the "Company") was incorporated in Guernsey on 19 June 2007 as an authorised closed-ended investment scheme and was admitted to a secondary listing (Chapter 14) on the Official List of the London Stock Exchange ("LSE") on 23 July 2007. The proceeds from the initial issue of shares on listing amounted to approximately US\$523 million. The Company was admitted to the Premium Official List Segment ("Premium Listing") of the LSE on 10 September 2018.

The shares of the Company are quoted on the LSE in two currencies, US dollars and Pounds Sterling.

The Company is a member of the Association of Investment Companies ("AIC").

## Investment Objective and Policy

The Company's investment objective is to provide its Shareholders with consistent long term capital appreciation utilising the investment skills of Third Point LLC (the "Investment Manager", "Manager", or "Firm") through investment of all of its capital (net of short term working capital requirements) in Shares of Third Point Offshore Fund, Ltd (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

The Master Fund is a limited partner of Third Point Offshore Master Fund L.P. (the "Master Partnership"), an exempted limited partnership under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership have the same investment objectives, investment strategies and investment restrictions.

The Master Fund and Master Partnership's investment objective is to seek to generate consistent long-term capital appreciation, by investing capital in securities and other instruments in select asset classes, sectors, and geographies, by taking long and short positions. The Investment Manager's implementation of the Master Fund and Master Partnership's investment policies is the main driver of the Company's performance. The Unaudited Condensed Interim Financial Statements of the Master Fund and the Unaudited Condensed Interim Financial Statements of the Master Partnership should be read alongside the Company's Unaudited Condensed Interim Financial Statements, but do not form part of them.

The Investment Manager identifies opportunities by combining a fundamental approach to single security analysis with a reasoned view on global, political and economic events that shapes portfolio construction and drives risk management.

The Investment Manager seeks to take advantage of market and economic dislocations and supplements its analysis with considerations of managing overall exposures across specific asset classes, sectors, and geographies by evaluating sizing, concentration, risk, and beta, among other factors. The resulting portfolio expresses the Investment Manager's best ideas for generating alpha and its tolerance for risk given global market conditions. The Investment Manager is opportunistic and often seeks a catalyst that will unlock value or alter the lens through which the broad market values a particular investment. The

**Investment Objective and Policy (continued)**

Investment Manager applies aspects of this framework to its decision-making process, and this approach informs the timing of each investment and its associated risk.

During the period, the Company had substantially all of its holding in the Master Fund in share class N. This share class attracted a management fee of 1.50% and the Company also qualified for an additional reduction in the management fee based on its size and longevity as an investor in the Master Fund. As a result, the Company has paid a management fee of 1.25% per annum in share class N.

The Class N share class is subject to a 25% quarterly investor level redemption gate.

In connection with taking out the loan facility announced on 1 April, on 1 September, the Company exchanged its holding in Class N for an equivalent holding in Class Y which offers principally the same terms as Class N save for increased liquidity if there is an event of default under the terms of the loan agreement.

Any Ordinary Shares bought for the Company's account (e.g. as part of the buyback programme) traded mid-month will be purchased and held by the Master Partnership until the Company is able to cancel the shares following each month-end. Shares cannot be cancelled intra-month because of legal and logistical factors. The Company and the Master Partnership do not intend to hold any shares longer than the minimum required to comply with these factors, expected to be no more than one month.

**Results and Dividends**

The results for the period are set out in the Statement of Operations. As announced on 1 March 2018, the Board, after consultation with major Shareholders, resolved that the Company would stop paying dividends.

As an alternative means of capital return, on 26 September 2019, the Board announced the implementation of a share buyback programme worth \$200 million, with share purchases being made through the market at prices below the prevailing NAV per share. The scale of the buyback is an attempt to demonstrate to the shareholders of the Company and to the market, that the Company is serious about reducing the discount and the Company's returns will be bolstered by the accretion to NAV from buybacks. In the period 1<sup>st</sup> January to 30<sup>th</sup> June 2021, the total number of shares bought back was 2,203,268, with an approximate value of \$52.9 million. The average discount at which purchases were made was 16.2%. The buybacks effected during the period led to an accretion to NAV per share of 33 cents.

**Key performance indicators ("KPI's")**

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPI's which have been identified by the Board for determining the progress of the Company:

- Net Asset Value (NAV);
- Discount to the NAV;
- Share price; and
- Ongoing charges.

## Strategic Report continued

### **Third Point Environmental, Social and Governance (“ESG”) Policies**

The Board has reviewed the ESG policies of the Investment Manager and has adopted them for the Company. These are consistent with its thoughts about the community – inside and outside Third Point – its business, and its investment process. Since 2020, Third Point has begun to incorporate ESG evaluation into much of its deployed capital. The Manager’s process is designed to broadly identify ESG issues – both those that may create value and those likely to destroy it – and, when appropriate, to engage company management in discussion about these topics. These standards are maintained through a five-step process – from pre-investment checklist to post-investment tracking – overseen by the Head of ESG Engagement, who stays abreast of developments and engages with the Head of Markets and the investment team on ESG issues. Further, the Manager endeavours to continually improve and expand its own commitment to ESG. Below are some of the highlights of the internal ESG activities and initiatives that have been undertaken by the Investment Manager;

#### **Environmental initiatives**

**LEED-Gold Facilities:** Third Point’s offices are located at 55 Hudson Yards, which is part of the first neighbourhood in Manhattan to receive the LEED-Gold certification, awarded by the United States Green Building Council for its green infrastructure, public transportation linkages, and pedestrian-friendly community design. The neighbourhood operates on a first-of-its-kind microgrid with two cogeneration plants that saves 25,000 MT of CO<sub>2</sub>e greenhouse gases (equal to the annual emissions of 5,100 cars) from being emitted annually.

Third Point’s reuse and recycling practices focus on recycling plastics and paper; reducing container waste; and promoting food sustainability.

#### **Social Initiatives**

The Board and the Manager believe engaged human capital management is essential for an asset manager, as trained employees increasingly drive value in the data-driven economy. Third Point is an Equal Opportunity Employer and has adopted fair chance hiring practices. They are committed to the benefits of a diverse workforce in perspective and background. Third Point believes in life-long learning and encourages workforce development. Third Point believes that employees should build sustainable financial futures through their employment at the firm.

Through the “Third Point Gives” programme, the Manager offers its employees multiple opportunities to come together for service and financial contribution to the community.

#### **Governance Initiatives**

The Manager strongly encourages good governance practice at all its investee businesses. Each of Third Point’s fund structures has an independent Board or Unaffiliated Consultation Committee. Four of the five members of the Board of the Company are independent of the Manager.

#### **Going Concern**

The Master Fund Shares are liquid and can be converted to cash to meet liabilities as they fall due. Although these shares are subject to a 25% quarterly investor level redemption gate, the Board considers this to be sufficient for normal requirements. After due consideration, and having made due enquiry, given the nature of the company and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Unaudited Condensed Interim Financial Statements.

Signed on behalf of the Board by:

**Steve Bates**  
Chairman



**Huw Evans**  
Director



10 September 2021

# Directors' Report

## Directors

The Directors of the Company during the period and to the date of this report are as listed on page 9 of these Unaudited Condensed Interim Financial Statements.

## Directors' Interests

Mr. Targoff holds the position of Chief Operating Officer, Partner and General Counsel of Third Point LLC.

Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against them in connection with the performance of their duties as a Director of the Company.

Steve & Sarah Bates held 6,123 shares as at 30 June 2021.

Rupert and his wife Rosemary Dorey held 25,000 shares between them as at 30 June 2021.

Claire Whittet and her husband Martin Whittet, held 2,500 shares as at 30 June 2021 through their joint Retirement Annuity Trust Scheme (RATS).

Huw Evans held 5,000 shares as at 30 June 2021.

## Corporate Governance

The Board is guided by the principles and recommendations of the Association of Investment Companies Code of Corporate Governance ("AIC Code"). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The UK Financial Reporting Council ("FRC") has confirmed that investment companies which comply with the AIC Code will be treated as meeting their obligations under the UK Code and Section 9.8.10R(2) of the Listing Rules. The Board is reporting under the 2019 AIC Code for the current period.

The Board has determined that reporting against the principles and recommendations of the AIC Code will provide appropriate information to Shareholders. The Company has complied with all the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

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

The Board considers these provisions are not relevant to the position of the Company, being an externally advised investment company with no executive directors or employees. The Company has therefore not reported further in respect of these provisions.

### Corporate Governance (continued)

The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Board, through the Management Engagement Committee ("MEC"), has satisfied itself that the Company's service providers have appropriate whistleblowing policies and procedures and confirmation has been sought from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board. Furthermore, the MEC, on an annual basis, ensures that service providers have appropriate anti money laundering, disaster recovery and risk monitoring policies in place.

The Code of Corporate Governance (the "Guernsey Code") provides a framework that applies to all entities licensed by the Guernsey Financial Services Commission ("GFSC") or which are registered or authorised as a collective investment scheme. Companies reporting against the UK Code or the AIC Code are deemed to comply with the Guernsey Code.

The Board confirms that, throughout the period covered in the Unaudited Condensed Interim Financial Statements, the Company complied with the Guernsey Code, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

The UK code is available on the FRC website [www.frc.uk](http://www.frc.uk) and the AIC code on the AIC website [www.theaic.co.uk](http://www.theaic.co.uk).

### Board Structure

The Board currently consists of five non-executive Directors. As the Chairman of the Board is an independent non-executive, the Board considers it unnecessary to appoint a senior independent Director.

| Name             | Position               | Independent | Date Appointed  |
|------------------|------------------------|-------------|-----------------|
| Steve Bates      | Non-Executive Chairman | Yes         | 5 February 2019 |
| Rupert Dorey     | Non-Executive Director | Yes         | 5 February 2019 |
| Huw Evans        | Non-Executive Director | Yes         | 21 August 2019  |
| Joshua L Targoff | Non-Executive Director | No          | 29 May 2009     |
| Claire Whittet   | Non-Executive Director | Yes         | 27 April 2017   |

Mr. Targoff, the Chief Operating Officer, General Counsel and Partner of the Investment Manager, is not considered independent of the Company's Investment Manager. All other Directors are considered by the Board to be independent.

The Board meets at least four times a year and in addition there is regular contact between the Board, the Investment Manager and Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator" and "Corporate Secretary"). The Board requires to be supplied in a timely manner with information by the Investment Manager, the Administrator, and the Corporate Secretary and other advisors in a form and of a quality appropriate to enable it to discharge its duties. The Board, excluding Mr. Targoff, regularly reviews the performance of the Investment Manager and the Master Fund to ensure that performance is satisfactory and in accordance with the terms and conditions of the relative appointments and Prospectus. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointment with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's Shareholders.

# Directors' Report continued

## **Board Structure (continued)**

The Company has no executive Directors or employees. All matters, including strategy, investment and dividend policies, gearing and corporate governance procedures are reserved for approval by the Board of Directors. The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

## **Board Tenure and Succession Planning**

As required by the AIC Code, every Director is subject to annual re-election by the Shareholders. Any Directors appointed to the Board since the previous AGM also retire and stand for election. The Independent Directors take the lead in any discussions relating to the appointment or re-appointment of directors, initially through the Nomination and Remuneration Committee and, when recruiting new directors, may use an independent recruitment firm.

New Directors receive an induction from the Investment Manager on joining the Board, and all Directors undertake relevant training as necessary.

Following the "Women on Boards" review conducted by Lord Davies of Abersoch in February 2011, the Board has examined Lord Davies recommendations and noted that it is consistently reviewing its policy, and future appointments to the Board will continue to be based on the individual's skills and experience regardless of gender.

## **Directors' Biographies**

### **Steve Bates**

Mr. Bates has over 40 years' experience in the investment industry. He began his career in 1980 with James Capel & Co. as an analyst covering US markets. From 1984 to 2003, he worked for JP Morgan and its predecessor Flemings where he was responsible for establishing and managing a range of Emerging Markets businesses and investment activities across regions. Since then, Mr. Bates has been Chief Investment Officer for GuardCap Asset Management Limited and its predecessor company. He is currently Chairman of both VinaCapital Vietnam Opportunities Fund and JP Morgan Elect Plc, and is a Non- Executive Director of Biotech Growth Trust, both of which are listed on the London Stock Exchange. Mr. Bates holds a law degree from Cambridge University and is a CFA charterholder.

### **Rupert Dorey**

Mr. Dorey has over 35 years of experience in financial markets. Mr. Dorey was at CSFB for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of positions at CSFB, including establishing CSFB's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005 he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. He is former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors. Rupert has extensive experience as both Director and Chairman of exchange listed and unlisted funds, chairing nine of the funds, seven of which have been listed and 2 of which were FTSE 250 companies. He has served on boards with 18 different managers, including Apollo, Aviva, M&G, Partners Group, Cinven, CQS, Neuberger Berman and Harbourvest.

### **Huw Evans**

Huw Evans is Guernsey resident and qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance

**Huw Evans (continued)**

department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a professional non-executive Director of a number of Guernsey-based companies and funds. He holds an MA in Biochemistry from Cambridge University.

**Joshua L. Targoff**

Joshua L. Targoff has been the Chief Operating Officer of the Investment Manager since May 2009. He joined as General Counsel in May 2008. Previously, Mr. Targoff was the General Counsel of the Investment Banking Division of Jefferies & Co. Mr. Targoff spent seven years doing M & A transactional work at Debevoise & Plimpton LLP. Mr. Targoff graduated with a J.D. from Yale Law School, and holds a B.A. from Brown University. In 2012, Mr. Targoff was made a Partner of the Investment Manager.

**Claire Whittet**

Claire Whittet is a Guernsey resident and has over 40 years' experience in the banking industry. After gaining an MA in Geography from Edinburgh University, she joined the Bank of Scotland until moving to Guernsey in 1996. In the intervening period she was involved in a wide variety of credit transactions including commercial and corporate finance. She joined Bank of Bermuda in Guernsey becoming Global Head of Private Client Credit and moved to Rothschild & Co Bank International Ltd as Director of Lending in 2003 and was latterly Co-Head and Managing Director until 2016 when she became a Non-Executive Director. She is a Non-Executive Director of a number of listed and unlisted funds, is a Chartered Banker and a Member of the Chartered Institute of Bankers in Scotland, the Insurance Institute and holds the Institute of Directors Diploma in Company Direction.

**Cross Directorships**

Mr. Bates and Mr. Evans are also both Directors of another listed Fund (VinaCapital Vietnam Opportunity Fund Limited). The Board does not believe that these cross directorships have created any conflict or have affected the independence of the respective Directors.

A number of the directors are also Non-Executive Directors of other listed funds. The Board notes that none of these funds are trading companies and confirms that all Non-Executive Directors of the Company have sufficient time and commitment (as evidenced by their attendance and participation at meetings) to devote to this Company.

**Meeting Attendance Records**

The table below lists Directors' attendance at meetings during the period.

| Name                            | Scheduled Board<br>Meetings<br>Attended<br>(max 2) | Audit Committee<br>Meetings<br>Attended<br>(max 1) |
|---------------------------------|--|--|
| Steve Bates <sup>1</sup>        | 2 of 2   | n/a  |
| Rupert Dorey                    | 2 of 2   | 1 of 1   |
| Huw Evans                       | 2 of 2   | 1 of 1   |
| Joshua L Targoff <sup>1,2</sup> | 2 of 2   | n/a  |
| Claire Whittet                  | 2 of 2   | 1 of 1   |

<sup>1</sup> Mr. Bates and Mr. Targoff are not members of the Audit Committee.

<sup>2</sup> Mr. Targoff does not attend Meetings as a Director where recommendations from the Investment Manager are under consideration.

## Directors' Report continued

### **Committees of the Board**

The AIC Code requires the Company to appoint Nomination, Remuneration and Management Engagement Committees and the independent directors of the Board act as these committees. The Nomination and Remuneration Committee considers the composition of and recruitment to the Board, taking into account market practice, peer group statistics and the requirements of the role when determining remuneration levels of the Directors.

The function of the Management Engagement Committee is to ensure that the Company's management agreement is competitive and reasonable for the Shareholders, along with the Company's agreements with all other third party service providers (other than the external auditors).

The Committee also reviews annually the performance of the Investment Manager with a view to determining whether to recommend to the Board that the Investment Manager's mandate be renewed, subject to the specific notice period requirement of the agreement. The other third party service providers are also reviewed on an annual basis.

The Investment Manager has wide experience in managing and administering fund vehicles and has access to extensive investment management resources. The Board considers that the continued appointment of the Investment Manager on the terms agreed is in the interests of the Company's Shareholders as a whole.

### **Audit Committee**

The Company's Audit Committee conducts formal meetings at least three times a year. Its functions include monitoring the Company's internal control and risk management systems, oversight of the relationship with the External Auditor, including consideration of the appointment, independence, effectiveness of the audit, and remuneration of the auditors, and to review and recommend the Annual Report and audited financial statements, and the Interim Report and unaudited condensed interim financial statements to the Board of Directors.

### **Directors' Duties and Responsibilities**

The Directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure;
- Strategic matters and financial reporting;
- Board composition and accountability to Shareholders;
- Risk assessment and management, including reporting, compliance, monitoring, governance and control; and
- Other matters having material effects on the Company.

These Reserved Powers of the Board allow the Directors to discharge their fiduciary responsibilities and provide a set of parameters for measuring and monitoring the effectiveness of their actions.

The Directors are responsible for the overall management and direction of the affairs of the Company. The Company has no Executive Directors or employees. The Company invests all of its assets in shares of

**Directors' Duties and Responsibilities (continued)**

the Master Fund and Third Point LLC acts as Investment Manager to the Master Fund and is responsible for the discretionary investment management of the Master Fund's investment portfolio under the terms of the Master Fund Prospectus.

Northern Trust International Fund Administration Services (Guernsey) Limited ("NT") acts as Administrator and Company Secretary and is responsible to the Board under the terms of the Administration Agreement. The Administrator is also responsible to the Board for ensuring compliance with the Rules and Regulations of The Companies (Guernsey) Law, London Stock Exchange listing requirements and observation of the Reserved Powers of the Board and in this respect the Board receives detailed quarterly reports.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations of The Companies (Guernsey) Law, the GFSC and the London Stock Exchange. Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis and the Company has maintained appropriate Directors' Liability Insurance cover throughout the period.

The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Internal Control and Financial Reporting**

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss.

The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- Investment advisory services are provided by the Investment Manager. The Board is responsible for setting the overall investment policy, ensuring compliance with the Company's Investment Strategy and monitoring the action of the Investment Manager and Master Fund at regular Board meetings. The Board has also delegated administration and company secretarial services to NT; however, it retains accountability for all functions it has delegated.
- The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all local and international laws and regulations are upheld. Particular attention has been given to the effectiveness of controls to monitor liquidity risk, asset values, counterparty exposure and credit availability.
- The Board clearly defines the duties and responsibilities of its agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors.

## Directors' Report continued

### **Internal Control and Financial Reporting (continued)**

- The Investment Manager and NT maintain their own systems of internal control, on which they report to the Board. The Company, in common with other investment companies, does not have an internal audit function. The Audit Committee has considered the need for an internal audit function, but because of the internal control systems in place at the Investment Manager and NT, has decided it appropriate to place reliance on their systems and internal control procedures.
- The systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control.

### **Board Performance**

The Board and Committees undertake formal annual evaluations of their own performance and that of the individual Directors. This process is conducted by the respective Chairman reviewing individually with each of the Directors and members of the Committee their performance, contribution and commitment to the Company. In line with provision 6.2.14 of the AIC Code, the performance of the Chairman is evaluated annually by the other independent Directors. An external evaluation of the Board's performance was carried out by Linstock Limited in February 2021. Linstock did not raise any issues of significance.

### **Management of Principal Risks and Uncertainties**

In considering the risks and uncertainties facing the Company, the Board reviews regularly a matrix which documents the principal and emerging risks.

This discipline is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published by the FRC and has been in place for the period under review and up to the date of approval of the Unaudited Condensed Interim Financial Statements.

The risk matrix document considers the following information:

- Identifying and reporting changes in the risk environment;
- Identifying and reporting changes in the operational controls;
- Identifying and reporting on the effectiveness of controls and remediation of errors arising; and
- Reviewing the risks faced by the Company and the controls in place to address those risks.

The Directors have acknowledged they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness by focusing on four key areas:

- Consideration of the investment advisory services provided by the Investment Manager;
- Consideration of the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis;
- Clarity around the duties and responsibilities of the agents and advisors engaged by the Directors; and

**Management of Principal Risks and Uncertainties (continued)**

- Reliance on the Investment Manager and Administrator maintaining their own systems of internal controls.

Further discussion on Internal Control is documented under "Internal Control and Financial Reporting" set out above.

The principal risks and uncertainties that the Directors consider to apply to the Company during the first six months of the financial year 2021 and for the remaining six months of the year are as follows:

- Discount to the NAV. The Board monitors the discount to the NAV and maintains regular contact with the Investment Manager. In addition, the Investment Manager, Corporate Broker and, when considered necessary, the Board of Directors, maintain regular contact with the significant Shareholders in the Company. The Board made updates in September 2019 to the Company's share repurchase programme whereby a programme was put in place to buy back up to \$200 million worth of its stock over a three-year period with the intention of narrowing the discount. On April 1 2021, the Board announced further measures relating to the discount control;
- Underlying investment performance of the Master Fund. To mitigate this risk the Directors receive regular updates from the Investment Manager on the performance of the Master Fund. The Board reviews quarterly performance updates on the Master Fund and has access to the Investment Manager on any potential question raised;
- Shareholder relations. The Board monitors key shareholder reports provided by the Corporate Broker at each Board Meeting. The Manager prepares monthly updates on behalf of the Master Fund and maintains the Company website. The Board receives quarterly reports from the Corporate Broker and the Manager on the major shareholdings. Members of the Board, along with the Manager, keep in touch with the Corporate Broker and the market to identify significant actual or prospective changes in the shareholder register. The Board has maintained a policy of active engagement with shareholders over the period;
- Concentration of the Investor Base. The Directors receive quarterly investor reports from the Corporate Broker and there is regular communication between the Directors and the Corporate Broker to identify any significant changes in the Shareholder base;
- Personnel (Underperformance or loss of key personnel). The Company and service providers have appropriate personnel to meet their operational and control requirements and exposure to individuals is minimised. The key service providers are of a size and reputation that dependence on key individuals is low. The key risk for the Company is with the Manager, where Daniel Loeb is the key decision maker. If at any time Mr. Loeb is no longer actively engaged in formulating the investment philosophy of the Investment Manager, whether by death, disability, ceasing to directly or indirectly control the Investment Manager, or otherwise (a "Key Person Event"), the Fund will promptly notify all Shareholders. Within 30 days following the Key Person Event, the Board, after consultation with the Investment Manager, will determine a date on which Shareholders may redeem their Shares as of a month end not earlier than 60 days, nor later than 120 days, following the Key Person Event.
- Performance of the Investment Manager. Through the Management Engagement Committee, the Directors review the performance of the Investment Manager on an annual basis and, prior to the imposition of COVID travel restrictions, Board representatives conduct annual visits to the Investment Manager, the most recent being in March 2020. The Board intends to resume these visits when travel restrictions are lifted;

## Directors' Report continued

### Management of Principal Risks and Uncertainties (continued)

- Failure of appointed service providers to the Company. Through the Management Engagement Committee, the Directors conduct a formal review of each service provider annually in addition to receiving regular updates from each service provider and ensuring that there is ongoing communication between the Board and the various service providers to the Company;
- Financial Risk. The Board employs independent administrators to prepare the Financial Statements of the Company and meets with the independent auditors at least twice a year to discuss all financial matters including the appropriateness of the accounting policies;
- Liquidity Risk. Shares of the Master Fund may be redeemed quarterly on 60 days' prior written notice or at other times with the consent of the Master Fund's Board of Directors in order to pay Company expenses. The majority of the investments held by the Master Fund are held in Class N shares which invest in cash and securities the majority of which have quoted prices available in active markets/exchanges. The Class N shares have a 25% quarterly investor redemption gate. On 1 September, the Company exchanged its holding in Class N for an equivalent holding in Class Y which offers principally the same terms as Class N save for increased liquidity if there is an event of default under the terms of the loan agreement; and
- Cyber Security Risk. The Company is exposed to risk arising from any cyber-attack on its service providers. The Company requests confirmation from its service providers that they have appropriate safeguards in place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area.

It is expected that the principal risks and uncertainties listed above will apply to the Company for a minimum of the next six months.

### COVID-19 assessment

COVID-19 has had a significant impact on many businesses. The Directors believe the risk associated with the impact of COVID-19 on the Company is mitigated in the following ways:

- *Business Operations* — the Board has inquired, and is satisfied, that the Company's service providers have had robust processes in place in order to continue to provide the required level of services to the Company, and to maintain compliance with laws and regulations, in the face of the challenges arising as a result of COVID-19. There have been no operational difficulties encountered or disruption in services to date.
- *Liquidity Risk* — the Company's main source of cash is via redemptions from the Master Fund. As of June 30, 2021, 65% of the Master Partnership's gross assets were invested in liquid securities (defined as Level 1 positions) and cash and so it is well positioned to pay redemptions as needed. The governing documents of the Master Fund allow for a gate to permit only 20% of the Master Fund's Net Asset Value to be redeemed at each quarterly redemption date on a pro rata basis. To date, the Master Fund has not seen any significant redemptions which would cause the Directors of the Company concern regarding gating.

### Significant Events During The Period

On 1 April 2021, the Directors announced several changes aimed at enhancing the strength of the company following a detailed strategic review. These are described in the Chairman's Statement and will be implemented over the next six years.

**Significant Events During The Period (continued)**

In the period to 30 June 2021, 2.2 million shares were repurchased with a value of approximately \$52.9 million, at a weighted average discount to NAV of 16.2%. This had the effect of accreting 33 cents per share to NAV.

There were no other events outside the ordinary course of business which, in the opinion of the Directors, may have had an impact on the Unaudited Condensed Interim Financial Statements for the period ended 30 June 2021.

**Relations with Shareholders**

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Board receives regular reports on the views of Shareholders and the Chairman and other Directors are available to meet Shareholders. Shareholders who wish to communicate with the Board should, in the first instance contact the Administrator, whose contact details can be found on the Company's website. The Annual General Meeting of the Company provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The fourteenth Annual General Meeting was held on 8 July 2021 with all proposed resolutions being passed by the Shareholders.

Subsequent to the 30<sup>th</sup> June, the Board has received two separate requests from the same group of shareholders representing 10% of the voting rights to hold a general meeting at which a vote would be held to allow short term liquidity at close to NAV. The Board sought legal advice on these requests and as a result declined to hold the votes on the grounds that, if passed, they would be ineffective in directing board decisions.

**International Tax Reporting**

For the purposes of the US Foreign Account Tax Compliance Act, the Company is registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016.

The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

**Criminal Finances Act 2017**

In respect of the UK Criminal Finances Act 2017 which introduced a new corporate criminal offence ("CCO") of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

The Board also keeps under review developments involving other social, environmental and regulatory matters and will report on those to the extent they are considered relevant to the Company's operations.

## Directors' Report continued

### Significant Shareholdings

As at 6 September 2021, the Company has been notified that the following had significant shareholdings in excess of 5% in the Company:

|   | Total Shares Held | % Holdings in Class |
|---|-------------------|---------------------|
| <b>Significant Shareholders</b>             |                   |                     |
| Goldman Sachs Securities (Nominees) Limited | 5,272,579         | 15.93%              |
| AVI Global Trust plc                        | 3,412,359         | 10.31%              |
| Vidacos Nominees Limited                    | 2,586,369         | 7.81%               |
| BBHISL Nominees Limited                     | 2,272,728         | 6.87%               |
| Smith & Williamson Nominees Limited         | 1,822,517         | 5.51%               |

Signed on behalf of the Board by:

**Steve Bates**  
Chairman



**Huw Evans**  
Director



10 September 2021

# Disclosure of Directorships in Public Listed Companies

The following summarises the Directors' directorships in public companies:

| <b>Company Name</b>                                     | <b>Exchange</b> |
|---|-----------------|
| <b>Steve Bates</b>                                      |                 |
| VinaCapital Vietnam Opportunity Fund Limited            | London          |
| Biotech Growth Trust plc                                | London          |
| JP Morgan Elect plc                                     | London          |
| <b>Rupert Dorey</b>                                     |                 |
| NB Global Monthly Income Fund Limited                   | London          |
| <b>Huw Evans</b>  |                 |
| Standard Life Investments Property Income Trust Limited | London          |
| VinaCapital Vietnam Opportunity Fund Limited            | London          |
| <b>Claire Whittet</b>                                   |                 |
| BH Macro Limited  | London          |
| Eurocastle Investment Limited                           | Euronext        |
| International Public Partners Limited                   | London          |
| Riverstone Energy Limited                               | London          |
| TwentyFour Select Monthly Income Fund Limited           | London          |
| <b>Joshua L Targoff</b>                                 |                 |
| SiriusPoint Limited                                     | New York        |

# Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Unaudited Condensed Interim Financial Statements in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States of America.

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 Unaudited Condensed Interim Financial Statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for the system of internal controls, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have responsibility to confirm that:

- the Interim Report and Unaudited Condensed Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in all material aspects;
- the Interim Report and Unaudited Condensed Interim Financial Statements provide a fair review of the information required by:
  - a) DTR 4.2.7 of the Disclosure Guidance and Transparency Rules ("DTR"), being an indication of important events that have occurred during the first six months of the financial year 2021 and their impact on these Interim Report and Unaudited Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8 of the DTR, being related party transactions that have taken place in the first six months of the current financial year 2021 and that have materially affected the financial position or the performance of the Company during the six month period ended 30 June 2021 and any changes in the related party transactions described in the last Annual Audited Financial Statements that could have a material effect on the financial position or performance of the Company in the first six months of the financial year 2021.

**Steve Bates**  
Chairman



**Huw Evans**  
Director



10 September 2021

# Investment Manager's Review

## Performance Summary<sup>1</sup>

| USD Class                 | 30 June 2021 | 31 December 2020 | % Return |
|---------------------------|--------------|------------------|----------|
| Share Price               | \$ 27.00     | \$ 21.20         | 27.4%    |
| Net asset value per share | \$ 30.51     | \$ 26.18         | 16.5%    |
| Premium/(discount)        | (11.5%)      | (19.0%)          |          |

<sup>1</sup> For the period 1 January 2021 to 30 June 2021.

## Strategy Performance

For the six months ended 30 June 2021, the Company's Net Asset Value ("NAV") per share increased strongly by 16.5%. The discount at which the Company's shares trade to NAV narrowed from 19.0% to 11.5% driving a share price increase over the period of 27.4%.

Equity markets generally marched higher during the first half of 2021, buoyed by vaccine rollouts, fiscal stimulus and economic reopening, and strong corporate earnings. In doing so, the market shrugged off a series of convulsions, including interest rate volatility as the U.S. Federal Reserve contemplated tapering, the rise of retail "meme stock" campaigns, and a high profile family office liquidation that rippled through a handful of highly owned hedge fund names.

Amidst this volatility, the diversified and idiosyncratic nature of Third Point LLC's (the "Investment Manager," or the "Manager") portfolio came to the forefront. Long equity positions contributed 20.4% to return on a gross basis, while short equity positions detracted 7.7% for a total of +12.7%. Corporate & Sovereign Credit and Structured Credit each added roughly 2.2%, while Private Equity positions boosted returns by a further 3.1%.

Within equities, the top three portfolio contributors to performance over the period were all long-term private positions whose business models were affirmed by public markets over the course of the period. Foremost among these was Upstart, an AI-driven lender that uses non-traditional inputs to widen access to financial products and bolster loan performance for its bank partners. More than five years after the Investment Manager led Upstart's Series C funding round, the company went public in December 2020 at an implied valuation of \$1.5 billion. As at 30 June 2021, after a pair of strong initial earnings reports showing accelerating revenues, the market capitalization had increased to \$9.5 billion, contributing 7.8% to Master Fund gross return during the period. Endpoint cybersecurity company SentinelOne, in which the Manager first invested in 2015, followed a similar path: it held a successful public offering on the last day of the period at a valuation significantly higher than its last funding round, adding 5.3% to gross fund return. Finally, financial services platform Social Finance, a later stage private position established in 2015, went public through a SPAC during the period and contributed 2.5% to gross return. The Company maintains positions in each of these companies, with Upstart and SentinelOne now the first and third largest holdings, respectively.

As has often been the case, credit positions also provided important risk-adjusted returns. The Corporate & Sovereign Credit portfolio's airline and energy names were beneficiaries of global travel coming back online and higher commodity prices, while a number of idiosyncratic distressed opportunities in the U.S. and Europe also contributed. Within Structured Credit, investor demand for senior risk remained strong, helping the Manager's purchase and subsequent securitization of residential mortgage, student loan and consumer loan collateral pools.

# Investment Manager's Review continued

## **Strategy Performance (continued)**

On the negative side of the ledger, positions in Pacific Gas & Electric (-1.3% contribution to gross return), Paysafe (-0.6%) and IAA (-0.6%) detracted from year-to-date performance. While the appointment of a respected CEO and wildfire mitigation efforts helped drive Pacific Gas & Electric stock higher after its emergence from bankruptcy in 2020, it has lagged thus far in 2021, due to the overall weakness in the utilities sector, political uncertainty in the state of California, and heightened concerns about this year's wildfire season. The Manager sees regulatory approval for a rate-neutral securitization, balance sheet maintenance, and readmittance to the S&P 500 index as catalysts in the back half of the year and into 2022. The Manager participated in the de-SPAC PIPE to take Paysafe public in 2020, and the deal closed in Q1 2021. While a pullback in SPAC-related names has weighed on shares, this specialized payments platform focused on the iGaming sector is growing fast despite a significant portion of its business being in Europe, where reopening has been slower to progress. Finally, IAA, an auto retailer, slumped in the period after disclosing share losses from an important insurance partner. The Manager had been in the process of reducing the name, and exited in Q2.

As of June 30, 2021, the top five single-issuer positions were Upstart Holdings Inc., Prudential PLC, SentinelOne Inc., Pacific Gas & Electric Co., and The Walt Disney Co. which together represent 33% of the Master Fund portfolio.

## **Outlook**

As we head into the second half of 2021, the Manager sees the backdrop for risk assets as compelling. Financial conditions remain loose, fund flows are healthy, the savings rate is high and policy is broadly supportive. Although vaccine progress has stalled in certain geographies and concerns are rising over risks of the Delta variant slowing recovery, overall rates of protected populations are creating reopening tailwinds, especially in service-based sectors.

Although we will likely continue to see volatility as the market comes to terms with the push and pull of cashed up consumers and the eventual tapering of monetary and fiscal support, the Manager believes that idiosyncratic elements and a balance of drivers will help it navigate successfully the remainder of the year. There is a mix of secular growth companies like Upstart and SentinelOne tapping into burgeoning markets, steady compounders like Danaher levered to increased healthcare spend, and more value-oriented names with defined catalysts like Prudential and Pacific Gas & Electric. Meanwhile, as supply chains normalize, some beneficiaries of short-term bottlenecks which are currently trading on high multiples and peak earnings should present compelling short opportunities.

| <b>Portfolio Detail as at 30 June 2021<sup>1</sup></b> | <b>Long</b>   | <b>Exposure<br/>Short</b> | <b>Net</b>    |
|--|---------------|---------------------------|---------------|
| <b>Equity</b>  |               |                           |               |
| Constructivism   | 16.9%         | -4.4%                     | 12.5%         |
| Fundamental & Event                                    | 108.2%        | -14.4%                    | 93.8%         |
| Portfolio Hedges <sup>2</sup>                          | 0.0%          | -21.9%                    | -21.9%        |
| <b>Total Equity</b>                                    | <b>125.0%</b> | <b>-40.6%</b>             | <b>84.4%</b>  |
| <b>Credit</b>  |               |                           |               |
| Corporate & Sovereign                                  | 11.5%         | -0.1%                     | 11.4%         |
| Structured   | 17.5%         | -0.1%                     | 17.5%         |
| <b>Total Credit</b>                                    | <b>29.0%</b>  | <b>-0.1%</b>              | <b>28.9%</b>  |
| <b>Privates</b>  | <b>4.0%</b>   | <b>0.0%</b>               | <b>4.0%</b>   |
| <b>Side Pocket Privates</b>                            | <b>0.0%</b>   | <b>0.0%</b>               | <b>0.0%</b>   |
| <b>Other<sup>3</sup></b>                               | <b>4.5%</b>   | <b>0.0%</b>               | <b>4.5%</b>   |
| <b>Total Portfolio</b>                                 | <b>162.5%</b> | <b>-40.7%</b>             | <b>121.8%</b> |
| <b>Equity Portfolio Detail as at 30 June 2021</b>      |               |                           |               |
|  | <b>Long</b>   | <b>Exposure<br/>Short</b> | <b>Net</b>    |
| <b>Equity Sectors</b>                                  |               |                           |               |
| Consumer Discretionary                                 | 12.1%         | -1.9%                     | 10.1%         |
| Consumer Staples                                       | 2.0%          | -1.6%                     | 0.5%          |
| Utilities  | 5.9%          | -1.9%                     | 3.9%          |
| Energy   | 4.0%          | 0.0%                      | 4.0%          |
| Financials   | 37.1%         | -3.8%                     | 33.3%         |
| Healthcare   | 10.1%         | -1.2%                     | 8.9%          |
| Industrials & Materials                                | 14.1%         | -2.4%                     | 11.7%         |
| Enterprise Technology                                  | 19.8%         | -3.2%                     | 16.7%         |
| Media & Internet                                       | 19.9%         | -2.7%                     | 17.2%         |
| Portfolio Hedges <sup>2</sup>                          | 0.0%          | -21.9%                    | -21.9%        |
| <b>Total</b>   | <b>125.0%</b> | <b>-40.6%</b>             | <b>84.4%</b>  |

<sup>1</sup> Unless otherwise stated, information relates to the Third Point Offshore Master Fund L.P. Exposures are categorized in a manner consistent with the Investment Manager's classifications for portfolio and risk management purposes.

<sup>2</sup> Primarily broad-based market and equity-based hedges.

<sup>3</sup> Includes currency hedges and macro investments. Rates and FX related investments are excluded from the exposure figures.

Net equity exposure is defined as the long exposure minus the short exposure of all equity positions (including long/short, arbitrage, and other strategies), and can serve as a rough measure of the exposure to fluctuations in overall market levels. The Investment Manager continues to closely monitor the liquidity of the portfolio and is comfortable that the current composition is aligned with the redemption terms of the fund.

# Independent Review Report

to the members of Third Point Investors Limited

## Conclusion

We have been engaged by Third Point Investors Limited (the "Company") to review the Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2021 which comprise the Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets, Statement of Cash Flows and the related Notes 1 to 13. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Unaudited Condensed Interim Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Condensed Interim Financial Statements for the six months ended 30 June 2021 are not prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the Disclosure Guidance and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority ("FCA").

## Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board ("ISRE 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 3, the Annual Financial Statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Unaudited Condensed Interim Financial Statements have been prepared in accordance with US GAAP.

## Responsibilities of the Directors

The Directors are responsible for preparing the Interim Report and Unaudited Condensed Interim Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Auditor's Responsibilities for the review of the financial information

In reviewing the Interim Report and Unaudited Condensed Interim Financial Statements, we are responsible for expressing to the Company a conclusion on the Unaudited Condensed Interim Financial Statements. Our conclusion, is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board ("ISRE 2410"). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP *Ernst & Young LLP*  
Guernsey, Channel Islands

10 September 2021

<sup>1</sup> The maintenance and integrity of the Company'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

<sup>2</sup> Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

# Statement of Assets and Liabilities

| (Stated in United States Dollars)  | Unaudited                     | Audited                           |
|--|-------------------------------|-----------------------------------|
|  | As at<br>30 June 2021<br>US\$ | As at<br>31 December 2020<br>US\$ |
| <b>Assets</b>  |                               |                                   |
| Investment in Third Point Offshore Fund Ltd at fair value (Cost: US\$321,425,088; 31 December 2020: US\$336,169,626) | 1,020,709,604                 | 934,270,592                       |
| Cash and cash equivalents  | 64,245                        | 38,891                            |
| Due from broker  | 11,765                        | 11,764                            |
| Redemption receivable  | 5,902,521                     | 5,923,042                         |
| Other assets   | 44,002                        | 47,986                            |
| <b>Total assets</b>  | <b>1,026,732,137</b>          | <b>940,292,275</b>                |
| <b>Liabilities</b>   |                               |                                   |
| Accrued expenses and other liabilities   | 592,094                       | 281,734                           |
| Administration fee payable (Note 4)  | 3,454                         | 3,417                             |
| <b>Total liabilities</b>   | <b>595,548</b>                | <b>285,151</b>                    |
| <b>Net assets</b>  | <b>1,026,136,589</b>          | <b>940,007,124</b>                |
| <b>Number of Ordinary Shares in issue (Note 6)</b>   |                               |                                   |
| US Dollar Shares   | 33,633,236                    | 35,904,437                        |
| <b>Net asset value per Ordinary Share (Notes 8 and 11)</b>   |                               |                                   |
| US Dollar Shares   | \$30.51                       | \$26.18                           |
| <b>Number of Ordinary B Shares in issue (Note 6)</b>   |                               |                                   |
| US Dollar Shares   | 22,422,157                    | 23,936,291                        |

The financial statements on pages 26 to 39 were approved by the Board of Directors on 10 September 2021 and signed on its behalf by:

**Steve Bates**  
Chairman



**Huw Evans**  
Director



See accompanying notes

# Statement of Operations

| (Stated in United States Dollars)  | Unaudited<br>For the period ended<br>30 June 2021<br>US\$ | Unaudited<br>For the period ended<br>30 June 2020<br>US\$ |
|--|---|---|
| <b>Realised and unrealised gain/(loss) from investment transactions allocated from Master Fund</b>           |   |   |
| Net realised gain on securities, derivative contracts and foreign currency translations                      | 107,954,499   | 32,115,339  |
| Net change in unrealised gain/(loss) on securities, derivative contracts and foreign currency translations   | 71,816,141  | (92,423,723)  |
| Net loss from currencies allocated from Master Fund  | (158,725)   | (836,540)   |
| <b>Total net realised and unrealised gain/(loss) from investment transactions allocated from Master Fund</b> | <b>179,611,915</b>  | <b>(61,144,924)</b>                                       |
| <b>Net investment (loss)/gain allocated from Master Fund</b>   |   |   |
| Interest income  | 8,990,470   | 6,866,423   |
| Dividends, net of withholding taxes of US\$541,431; (30 June 2020: US\$950,917)                              | 975,659   | 2,108,157   |
| Other income   | 11,073  | 381,650   |
| Incentive allocation (Note 2)  | (35,561,433)  | (3,584)   |
| Stock borrow fees  | (1,122,648)   | (183,250)   |
| Investment Management fee  | (6,163,296)   | (4,839,662)   |
| Dividends on securities sold, not yet purchased  | (1,615,286)   | (1,330,639)   |
| Interest expense   | (1,042,913)   | (1,263,745)   |
| Other expenses   | (1,837,808)   | (773,518)   |
| <b>Total net investment (loss)/gain allocated from Master Fund</b>   | <b>(37,366,182)</b>                                       | <b>961,832</b>  |
| <b>Company expenses</b>  |   |   |
| Administration fee (Note 4)  | (94,282)  | (68,485)  |
| Directors' fees (Note 5)   | (143,285)   | (149,077)   |
| Other fees   | (1,105,026)   | (412,297)   |
| Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited <sup>1</sup> (Note 4)     | (56,433)  | (48,763)  |
| <b>Total Company expenses</b>  | <b>(1,399,026)</b>  | <b>(678,622)</b>  |
| Net (loss)/gain  | (38,765,208)  | 283,210   |
| <b>Net increase/(decrease) in net assets resulting from operations</b>                                       | <b>140,846,707</b>  | <b>(60,861,714)</b>                                       |

<sup>1</sup> Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.

See accompanying notes

## Statement of Changes in Net Assets

| <i>(Stated in United States Dollars)</i>  | <u>Unaudited</u><br>For the period ended<br>30 June 2021<br>US\$ | <u>Unaudited</u><br>For the period ended<br>30 June 2020<br>US\$ |
|---|--|--|
| <b>Increase/(decrease) in net assets resulting from operations</b>  |  |  |
| Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund     | 107,954,499  | 32,115,339   |
| Net change in unrealised gain/(loss) on securities, derivative contracts and foreign currency translations allocated from Master Fund | 71,816,141   | (92,423,723)   |
| Net loss from currencies allocated from Master Fund   | (158,725)  | (836,540)  |
| Total net investment (loss)/gain allocated from Master Fund   | (37,366,182)   | 961,832  |
| Total Company expenses  | (1,399,026)  | (678,622)  |
| <b>Net increase/(decrease) in net assets resulting from operations</b>  | <b>140,846,707</b>   | <b>(60,861,714)</b>  |
| <b>Increase in net assets resulting from capital share transactions</b>   |  |  |
| Share redemptions   | (54,717,242)   | (19,382,062)   |
| <b>Net assets at the beginning of the period</b>  | <b>940,007,124</b>   | <b>834,564,805</b>   |
| <b>Net assets at the end of the period</b>  | <b>1,026,136,589</b>   | <b>754,321,029</b>   |

*See accompanying notes*

# Statement of Cash Flows

| <u>(Stated in United States Dollars)</u>                             | <u>Unaudited</u><br><u>For the period ended</u><br><u>30 June 2021</u><br><u>US\$</u> | <u>Unaudited</u><br><u>For the period ended</u><br><u>30 June 2020</u><br><u>US\$</u> |
|--|---|---|
| <b>Cash flows from operating activities</b>                          |   |   |
| Operating expenses   | (790,683)   | (505,299)   |
| Directors' fees  | (143,285)   | (149,077)   |
| Administration fee   | (94,245)  | (72,797)  |
| Third Point Offshore Independent Voting Company Limited <sup>1</sup> | (56,433)  | (48,763)  |
| Redemption from Master Fund  | 1,110,000   | 699,967   |
| <b>Cash outflow/(inflow) from operating activities</b>               | <b>25,354</b>   | <b>(75,969)</b>   |
| <b>Net decrease in cash</b>  | <b>25,354</b>   | <b>(75,969)</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>      | <b>38,891</b>   | <b>110,693</b>  |
| <b>Cash and cash equivalents at the end of the period</b>            | <b>64,245</b>   | <b>34,724</b>   |

<sup>1</sup> Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.

| <u>(Stated in United States Dollars)</u>                      | <u>Unaudited</u><br><u>For the period ended</u><br><u>30 June 2021</u><br><u>US\$</u> | <u>Unaudited</u><br><u>For the period ended</u><br><u>30 June 2020</u><br><u>US\$</u> |
|---|---|---|
| <b>Supplemental disclosure of non-cash transactions from:</b> |   |   |
| <b>Operating activities</b>                                   |   |   |
| Redemption of Company Shares from Master Fund                 | 54,717,242  | 19,382,062  |
| <b>Financing activities</b>                                   |   |   |
| Share redemptions   | (54,717,242)  | (19,382,062)  |
| <i>See accompanying notes</i>                                 |   |   |

# Notes to the Unaudited Condensed Interim Financial Statements

For the period ended 30 June 2021

## 1. The Company

Third Point Investors Limited (the "Company") is an authorised closed-ended investment company incorporated in Guernsey on 19 June 2007 for an unlimited period, with registration number 47161.

## 2. Organisation

### Investment Objective and Policy

The Company's investment objective is to provide its shareholders with consistent long term capital appreciation, utilising the investment skills of the Investment Manager, through investment of all of its capital (net of short-term working capital requirements) through a master-feeder structure in shares of Third Point Offshore Fund, Ltd. (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996. In connection with taking out the loan facility announced on 1 April, on 1 September, the Company exchanged its holding in Class N for an equivalent holding in Class Y which offers principally the same terms as Class N save for increased liquidity if there is an event of default under the terms of the loan agreement.

The Master Fund's investment objective is to seek to generate consistent long-term capital appreciation, by investing capital in securities and other instruments in select asset classes, sectors and geographies, by taking long and short positions. The Master Fund is managed by the Investment Manager and the Investment Manager's implementation of the Master Fund's investment policy is the main driver of the Company's performance. The Master Fund invests all of its investable capital in Third Point Offshore Master Fund L.P. (the "Master Partnership") a corresponding open-ended investment partnership having the same investment objective as the Master Fund.

The Master Fund is a limited partner of the Master Partnership, an exempted limited partnership organised under the laws of the Cayman Islands, of which Third Point Advisors II L.L.C., an affiliate of the Investment Manager, is the general partner. Third Point LLC is the Investment Manager to the Company, the Master Fund and the Master Partnership. The Master Fund and the Master Partnership share the same investment objective, strategies and restrictions as described above.

### Investment Manager

The Investment Manager is a limited liability company formed on 28 October 1996 under the laws of the State of Delaware. The Investment Manager was appointed on 29 June 2007 and is responsible for the management and investment of the Company's assets on a discretionary basis in pursuit of the Company's investment objective, subject to the control of the Company's Board and certain borrowing and leveraging restrictions.

In the period ended 30 June 2021, the Company paid to the Investment Manager at the level of the Master Partnership a fixed management fee of 1.25 percent of NAV per annum and a general partner incentive allocation of 20 percent of the Master Fund's NAV growth ("Full Incentive Fee") invested in the Master Partnership, subject to certain conditions and related adjustments, by the Master Fund. If a particular series invested in the Master Fund depreciates during any fiscal year and during subsequent years there is a profit attributable to such series, the series must recover an amount equal to 2.5 times the amount of depreciation in the prior years before the Investment Manager is entitled to the Full Incentive Fee. Until this occurs, the series will be subject to a reduced incentive fee of 10%. The Company was allocated US\$35,561,433 (30 June 2020: US\$3,584) of incentive fees for the period ended 30 June 2021.

### **3. Significant Accounting Policies**

#### **Basis of Presentation**

The accounting policies adopted in the preparation of the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, which were prepared in accordance with relevant accounting principles generally accepted in the United States of America ("US GAAP"). The functional and presentation currency of the Company is United States Dollars ("US\$").

The Directors have determined that the Company is an investment company in conformity with US GAAP. Therefore the Company follows the accounting and reporting guidance for investment companies in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, Financial Services – Investment Companies ("ASC 946").

The following are the significant accounting policies adopted by the Company:

#### **Cash and cash equivalents**

Cash in the Statement of Assets and Liabilities and for the Statement of Cash Flows is unrestricted and comprises cash at bank and on hand.

#### **Due from broker**

Due from broker includes cash balances held at the Company's clearing broker as of 30 June 2021. The Company clears all of its securities transactions through a major international securities firm, UBS, pursuant to agreements between the Company and prime broker.

#### **Redemptions Receivable**

Redemptions receivable are capital withdrawals from the Master Fund which have been requested but not yet settled as at 30 June 2021.

# Notes to the Unaudited Condensed Interim Financial Statements continued

For the period ended 30 June 2021

## 3. Significant Accounting Policies (continued)

### Valuation of Investments

The Company records its investment in the Master Fund at fair value. Fair values are generally determined utilising the net asset value ("NAV") provided by, or on behalf of, the underlying Investment Managers of each investment fund. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurement", fair value is defined as the price the Company would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. During the period ended 30 June 2021, the Company owned Class E and Class N shares of the Master Fund. During the period, the Company recorded non-cash redemptions of \$54,491,721 (143,982 shares) for the cancellation of the Company shares related to the share buyback programme and redeemed \$1,315,000 (3,464 shares) to pay Company expenses. The following schedule details the share classes relevant to the Company's investment in the Master Fund at 30 June 2021.

|                                       | Shares<br>Outstanding<br>at<br>1 January<br>2021 | Shares<br>Transferred<br>In | Shares<br>Transferred<br>Out | Shares<br>Issued | Shares<br>Redeemed | Shares<br>Outstanding<br>at<br>30 June<br>2021 | Net Asset<br>Value Per<br>Share at<br>30 June<br>2021* | Net Asset<br>Value at<br>30 June 2021 |
|---------------------------------------|--|-----------------------------|------------------------------|------------------|--------------------|--|--|---------------------------------------|
| <b>Class N – 1.25, Series 9</b>       | 2,721,631  | –                           | (92,451)                     | –                | (34,393)           | 2,594,787                                      | 393.30   | 1,020,533,136                         |
| <b>Class E – 1.75, Series 7</b>       | –  | –                           | 92,451                       | –                | (92,451)           | –  | –  | –                                     |
| <b>Class E – 1.75, Series 65</b>      | 30   | 21,022                      | –                            | –                | (20,601)           | 451  | 390.92   | 176,468                               |
| <b>Class E – 1.75, Series 96</b>      | 6,512  | –                           | (6,512)                      | –                | –                  | –  | –  | –                                     |
| <b>Class E – 1.75,<br/>Series 103</b> | 14,452   | –                           | (14,452)                     | –                | –                  | –  | –  | –                                     |
| <b>Total</b>                          |  |                             |                              |                  |                    |  |  | <b>1,020,709,604</b>                  |

\* Rounded to two decimal places.

Following the end of the period, the Company converted its shares in Class E and Class N to shares in Class Y.

The valuation of securities held by the Master Partnership, which the Master Fund directly invests in, is discussed in the notes to the Master Partnership's Unaudited Condensed Interim Financial Statements. The net asset value of the Company's investment in the Master Fund reflects its fair value. At 30 June 2021, the Company's US Dollar shares represented 13.21% (31 December 2020: 13.54%) of the Master Fund's NAV.

The Company has adopted ASU 2015-07, Disclosures for Investments in Certain Entities that calculate Net Asset Value per Share (or its equivalent) ("ASU 2015-07"), in which certain investments measured at fair value using the net asset value per share method (or its equivalent) as a practical expedient are not required to be categorised in the fair value hierarchy. Accordingly the Company has not levelled applicable positions.

### Uncertainty in Income Tax

ASC Topic 740 "Income Taxes" requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority based on the technical merits of the position. Tax positions deemed to meet the "more-likely-than-not" threshold would be recorded as a tax

### 3. Significant Accounting Policies (continued)

benefit or expense in the year of determination. Management has evaluated the implications of ASC 740 and has determined that it has not had a material impact on these Unaudited Condensed Interim Financial Statements.

#### Income and Expenses

The Company records its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses on a monthly basis. In addition, the Company accrues interest income, to the extent it is expected to be collected, and other expenses.

#### Use of Estimates

The preparation of Unaudited Condensed Interim Financial Statements in conformity with US GAAP may require management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Other than what is underlying in the Master Fund and the Master Partnership, the Company does not use any material estimates in respect of the Unaudited Condensed Interim Financial Statements.

#### Going Concern

After making enquiries and given the nature of the Company and its investment, the Directors confirm their belief that the Company will remain a going concern for the period to 31 December 2022. The Master Fund Shares are liquid and can be converted to cash to meet liabilities as they fall due. Although these shares are subject to a 25% quarterly investor level redemption gate, the Board considers this to be sufficient for normal requirements. After due consideration, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Unaudited Condensed Interim Financial Statements.

#### Foreign Exchange

Investment securities and other assets and liabilities denominated in foreign currencies are translated into United States Dollars using exchange rates at the reporting date. Purchases and sales of investments and income and expense items denominated in foreign currencies are translated into United States Dollars at the date of such transaction. All foreign currency transaction gains and losses are included in the Statement of Operations.

#### Recent accounting pronouncements

The Company has not early adopted any standards, interpretation or amendment that has been issued but are not yet effective. The amendments and interpretations which applied for the first time in 2020 have been assessed and do not have an impact on the Unaudited Condensed Interim Financial Statements.

### 4. Material Agreements

#### Management and Incentive fees

The Investment Manager was appointed by the Company to invest its assets in pursuit of the Company's investment objectives and policies. As disclosed in Note 2, the Investment Manager is remunerated by the Master Partnership by way of management fees and incentive fees.

#### Administration fees

Under the terms of an Administration Agreement dated 29 June 2007, the Company appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator (the "Administrator") and Corporate Secretary.

# Notes to the Unaudited Condensed Interim Financial Statements continued

For the period ended 30 June 2021

## 4. Material Agreements (continued)

The Administrator is paid fees based on the NAV of the Company, payable quarterly in arrears. The fee is at a rate of 2 basis points of the NAV of the Company for the first £500 million of NAV and a rate of 1.5 basis points for any NAV above £500 million. This fee is subject to a minimum of £4,250 per month. The Administrator is also entitled to an annual corporate governance fee of £30,000 for its company secretarial and compliance activities.

In addition, the Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties, and may charge additional fees for certain other services.

Total Administrator expenses during the period amounted to US\$94,282 (30 June 2020: US\$68,485) with US\$3,454 outstanding (31 December 2020: US\$3,417).

## Related Party

The Company has entered into a support and custody agreement with Third Point Offshore Independent Voting Company Limited ("VoteCo") whereby, in return for the services provided by VoteCo, the Company will provide VoteCo with funds from time to time in order to enable VoteCo to meet its obligations as they fall due. Under this agreement, the Company has also agreed to pay all the expenses of VoteCo, including the fees of the directors of VoteCo, the fees of all advisors engaged by the directors of VoteCo and premiums for directors and officers insurance. The Company has also agreed to indemnify the directors of VoteCo in respect of all liabilities that they may incur in their capacity as directors of VoteCo. The expense paid by the Company on behalf of VoteCo during the period is outlined in the Statement of Operations on page 27 and amounted to US\$56,433 (30 June 2020: US\$48,763). As at 30 June 2021 expenses accrued by the Company on behalf of VoteCo amounted to US\$8,323 (31 December 2020: US\$7,364).

## 5. Directors' Fees

At the time of the formation of the Company, the Articles of Association provided a cap on the fees earned by individual directors. These caps had not changed since the formation of the Company and, in some cases, constrained the ability of the Company to set individual fees at prevailing competitive market rates. For this reason, at the AGM in July 2020 Shareholders approved an annual fee cap for the directors as a whole of £500,000. This brought the remuneration policy of the Company into line with market practice and affords greater flexibility in setting fee levels for individual directors.

For the period ended 30 June 2021, the Chairman is entitled to a fee of £68,000 per annum. Mr. Evans receives £50,000 per annum as the audit committee chairman. Ms. Whittet and Mr. Dorey in their roles as chairperson of the Management Engagement Committee and the Nomination and Remuneration Committee respectively, receive £43,000 per annum. All other independent Directors are entitled to receive £40,000 per annum. The Directors' fees during the period amounted to US\$143,285 (30 June 2020: US\$149,077) with US\$nil outstanding (31 December 2020: US\$nil).

The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Director.

## 6. Stated Capital

The Company was incorporated with the authority to issue an unlimited number of Ordinary Shares (the "Shares") with no par value and an unlimited number of Ordinary B Shares ("B Shares") of no par value.

|  | US Dollar Shares         |
|--|--------------------------|
| <b>Number of Ordinary Shares</b>                   |                          |
| Shares issued 1 January 2021                       | 35,904,437               |
| <b>Shares Cancelled</b>                            |                          |
| Total shares cancelled during the period           | (2,271,201)              |
| <b>Shares in issue at end of the period</b>        | <b>33,633,236</b>        |
|  | US Dollar Shares<br>US\$ |
| <b>Stated Capital Account</b>                      |                          |
| Stated capital account at 1 January 2021           | 198,606,167              |
| <b>Shares Cancelled</b>                            |                          |
| Total share value cancelled during the period      | (54,717,242)             |
| <b>Stated Capital account at end of the period</b> | <b>143,888,925</b>       |
| <b>Retained earnings</b>                           | <b>882,247,664</b>       |
|  | US Dollar Shares         |
| <b>Number of Ordinary B Shares</b>                 |                          |
| Shares in issue as at 1 January 2021               | 23,936,291               |
| <b>Shares Cancelled</b>                            |                          |
| Total shares cancelled during the period           | (1,514,134)              |
| <b>Shares in issue at end of the period</b>        | <b>22,422,157</b>        |

### Voting Rights

Ordinary Shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the Ordinary Shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company. B Shares also carry the right to vote at general meetings of the Company but carry no rights to distribution of profits or in the winding-up of the Company.

As prescribed in the Company's Articles, each Shareholder present at general meetings of the Company shall, upon a show of hands, have one vote. Upon a poll, each Shareholder shall, in the case of a separate class meeting, have one vote in respect of each Share or B Share held and, in the case of a general meeting of all Shareholders, have one vote in respect of each US Dollar Share or US Dollar B Share held. Fluctuations in currency rates will not affect the relative voting rights applicable to the Shares and B Shares. In addition all of the Company's Shareholders have the right to vote on all material changes to the Company's investment policy.

# Notes to the Unaudited Condensed Interim Financial Statements continued

For the period ended 30 June 2021

## **6. Stated Capital (continued)**

### **Repurchase of Shares**

At each AGM, the Directors seek authority from the shareholders to purchase in the market for the forthcoming year up to 14.99 percent of the Shares in issue. Pursuant to this repurchase authority, the Company, through the Master Fund, commenced a share repurchase program in 2007. The Shares initially purchased were held by the Master Partnership. The Master Partnership's gains or losses and implied financing costs related to the shares purchased through the share purchase programme are entirely allocated to the Company's investment in the Master Fund.

On 26 September, 2019, it was announced that the Company, again through the Master Fund, will seek to buy back, at the Board's discretion and subject to the requirement to buy no more than 14.99% of its outstanding stocks between general meetings, up to \$200 million worth of stock over the subsequent three years. Any shares traded mid-month will be purchased and held by the Master Partnership until the Company is able to cancel the shares following each month-end. As at 30 June 2021, the Master Partnership held 204,723 shares of the Company – these shares were subsequently cancelled in July 2021.

### **Further issue of Shares**

Under the Articles, the Directors have the power to issue further shares on a non-pre-emptive basis. If the Directors issue further Shares, the issue price will not be less than the then-prevailing estimated weekly NAV per Share of the relevant class of Shares.

## **7. Taxation**

The Fund is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

## **8. Calculation of Net Asset Value**

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per Share is calculated by dividing the NAV by the number of Ordinary Shares in issue on that day.

## **9. Related Party Transactions**

At 30 June 2021 other investment funds owned by or affiliated with the Investment Manager owned 5,705,443 (31 December 2020: 5,630,444) US Dollar Shares in the Company. Refer to note 4 and note 5 for additional Related Party Transaction disclosures.

## **10. Significant Events**

On 1 April 2021, the Directors announced several changes aimed at enhancing the strength of the company following a detailed strategic review in close partnership with the Investment Manager. These are described in the Chairman's statement and will be implemented over the next six years.

There were no other events during the financial period which require disclosure in the financial statements.

## 11. Financial Highlights

The following tables include selected data for a single Ordinary Share in issue at the period-end and other performance information derived from the Unaudited Condensed Interim Financial Statements.

US Dollar Shares  
30 June 2021  
US\$

| Per Share Operating Performance  |               |
|--|---------------|
| <b>Net Asset Value beginning of the period</b>   | <b>26.18</b>  |
| <i>Income from Operations</i>  |               |
| Net realised and unrealised gain from investment transactions allocated from Master Fund | 4.04          |
| Net loss   | (0.04)        |
| <b>Total Return from Operations</b>  | <b>4.00</b>   |
| Share buyback accretion  | 0.33          |
| <b>Net Asset Value, end of the period</b>  | <b>30.51</b>  |
| <b>Total return before incentive fee allocated from Master Fund</b>                      | <b>19.87%</b> |
| Incentive allocation from Master Fund (Note 2)   | (3.33%)       |
| <b>Total return after incentive fee allocated from Master Fund</b>                       | <b>16.54%</b> |

Total return from operations reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per Ordinary Share during the period ended 30 June 2021 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

US Dollar Shares  
30 June 2020  
US\$

| Per Share Operating Performance  |                |
|--|----------------|
| <b>Net Asset Value beginning of the period</b>   | <b>21.15</b>   |
| <i>Income from Operations</i>  |                |
| Net realised and unrealised loss from investment transactions allocated from Master Fund | (1.55)         |
| Net loss   | (0.02)         |
| <b>Total Return from Operations</b>  | <b>(1.57)</b>  |
| Share buyback accretion  | 0.18           |
| <b>Net Asset Value, end of the period</b>  | <b>19.76</b>   |
| <b>Total return before incentive fee allocated from Master Fund</b>                      | <b>(6.57%)</b> |
| Incentive allocation from Master Fund (Note 2)   | 0.00%          |
| <b>Total return after incentive fee allocated from Master Fund</b>                       | <b>(6.57%)</b> |

# Notes to the Unaudited Condensed Interim Financial Statements continued

For the period ended 30 June 2021

## 11. Financial Highlights (continued)

Total return from operations reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per Ordinary Share during the period ended 30 June 2020 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

|  | US Dollar Shares<br>30 June 2021<br>US\$ |
|--|--|
| <b>Supplemental data</b>                                   |  |
| <b>Net Asset Value, end of the period</b>                  | <b>1,026,136,589</b>                     |
| <b>Average Net Asset Value, for the period<sup>1</sup></b> | <b>997,552,913</b>                       |
| <b>Ratio to average net assets</b>                         |  |
| Operating expenses <sup>2</sup>                            | (1.32%)                                  |
| Incentive fee allocated from Master Fund                   | (3.56%)                                  |
| Total operating expense <sup>2</sup>                       | (4.88%)                                  |
| <b>Net loss</b>  | <b>(3.89%)</b>                           |

|  | US Dollar Shares<br>30 June 2020<br>US\$ |
|--|--|
| <b>Supplemental data</b>                                   |  |
| <b>Net Asset Value, end of the period</b>                  | <b>754,321,029</b>                       |
| <b>Average Net Asset Value, for the period<sup>1</sup></b> | <b>767,687,536</b>                       |
| <b>Ratio to average net assets</b>                         |  |
| Operating expenses <sup>2</sup>                            | (1.18%)                                  |
| Total operating expense <sup>2</sup>                       | (1.18%)                                  |
| <b>Net gain</b>  | <b>0.04%</b>                             |

<sup>1</sup> Average Net Asset Value for the period is calculated based on published monthly estimates of NAV.

<sup>2</sup> Operating expenses are Company expenses together with operating expenses allocated from the Master Fund.

## 12. Ongoing Charge Calculation

Ongoing charges for the period ended 30 June 2021 and year ended 31 December 2020 have been prepared in accordance with the AIC recommended methodology. Performance fees were charged to the Master Fund. In line with AIC guidance, an Ongoing Charge has been disclosed both including and excluding performance fees. The Ongoing charges for period/year ended 30 June 2021 and 31 December 2020 excluding performance fees and including performance fees are based on Company expenses and allocated Master Fund expenses outlined below.

| (excluding performance fees) | 30 June 2021 | 31 December 2020 |
|------------------------------|--------------|------------------|
| <b>US Dollar Shares</b>      | 1.90%        | 1.75%            |

**12. Ongoing Charge Calculation (continued)**  
(including performance fees)

|                         | 30 June 2021 | 31 December 2020 |
|-------------------------|--------------|------------------|
| <b>US Dollar Shares</b> | 5.46%*       | 5.36%            |

\* Performance fees are not annualised for this calculation

**13. Subsequent Events**

As at 30 June 2021, the Master Partnership held 204,723 shares of the Company – these shares were subsequently cancelled in July 2021.

Subsequent to the 30<sup>th</sup> June, the Board has received two separate requests from the same group of shareholders representing 10% of the voting rights to hold a general meeting at which a vote would be held to allow short term liquidity at close to NAV. The Board sought legal advice on these requests and as a result declined to hold the votes on the grounds that, if passed, they would be ineffective in directing board decisions.

On 1 September, the Company exchanged its holdings in Class E and Class N of the Master Fund for an equivalent holding in Class Y.

On 1<sup>st</sup> September, it was announced that a credit facility of \$150 million had been agreed with the intention of deploying this capital over the following quarter. Following approval at the AGM of the exchange mechanism, pursuant to which qualified investors will be permitted to convert shares of the Company for up to an aggregate of \$50 million of interests in the Master Fund, it was announced on September 1<sup>st</sup> that the Board intends to seek shareholder approval for the exchange facility to be offered again in 2022.

If approved, eligible shareholders will be able to exchange their shares in the Company for shares in the Master Fund at a 2% discount to NAV, down from the 7.5% discount to NAV applicable to the 2021 exchange facility. The Board also anticipates increasing the number of Company shares which can be exchanged for Master Fund shares under the 2022 exchange facility to the extent that the 2021 exchange facility is undersubscribed, subject to a maximum of \$75 million worth of Company shares (at the prevailing NAV per share).

The Directors confirm that, up to the date of approval, which is 10 September 2021, when these financial statements were available to be issued, there have been no other events subsequent to the balance sheet date that require inclusion or additional disclosure.

# Management and Administration

## Directors

### Steve Bates (Chairman)\*

PO Box 255, Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

### Rupert Dorey\*

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## Registrar and CREST Service Provider

Link Market Services (Guernsey) Limited  
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*\* These Directors are independent.*

## Administrator and Secretary

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