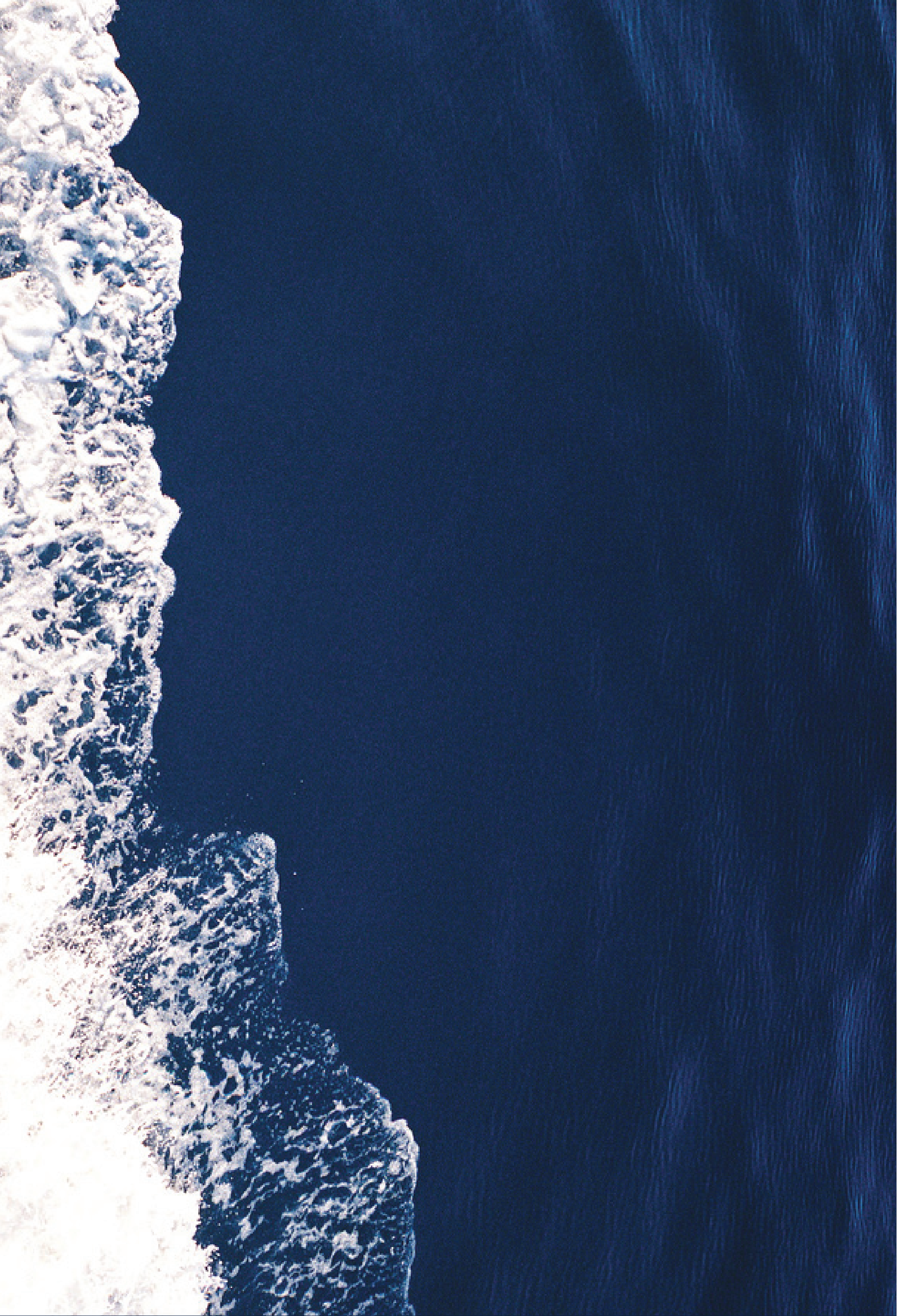

THIRD POINT OFFSHORE INVESTORS LIMITED

For the year ended 31 December 2019

ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

Contents

Chairman's Statement

Dear Shareholder,

Any review of 2019 has been superseded by the eruption of the COVID pandemic. This report does indeed cover the last fiscal year, but I wanted to begin with some introductory comments on COVID. It is clear that the impact of the containment measures deployed around the world will have a profoundly depressing effect on global economic output. Many pundits ponder the scale of the decline and look for historical comparisons. Coming up with accurate forecasts is an impossible task, of course, as nobody knows how long the current measures will need to be in place to control the spread of infection, and the duration of this period will be the primary determinant of the economic impact. The abrupt cessation of activity across many sectors has been mitigated by unprecedented fiscal and monetary stimulus in most countries around the world. These are intended to give consumers and businesses confidence that policymakers will 'do what it takes' to avoid the wholesale destruction of the economy. At the time of writing, the effect of restrictions to bear down on the spread of the virus seem to be having an impact. That, combined with loose policy settings around the world, have been enough to trigger a rally in markets, but volatility is likely to lurk in the background until the path out of lockdown becomes clearer.

Turning to 2019, which feels like a different era, markets had been very buoyant, but it is worth recalling the gloom which prevailed at the start of the year. At that point, interest rates were on an upward trajectory and markets were unsettled by the prospect of several further rises in rates. Instead, reacting to weaker than expected economic data, Central Banks engaged in a round of coordinated easing which had been very supportive of risky assets like equities.

For Third Point Offshore Investors Limited (the "Company"), the fourth quarter of 2018 was chastening, and the Master Fund in which the Company invests substantially all of its assets, under Daniel Loeb, entered the year with net equity exposure somewhat below 50%[1]. This number has fluctuated somewhat since such time, but it is important to note that the ensuing returns to NAV in 2019 were achieved with relatively low exposure to equity markets. The return was +17.1% compared with a rise of just over 28% for the MSCI World Index. This combination of return based on low market exposures means that risk adjusted returns were strong. The Board believes, and we hope shareholders agree, that these risk-adjusted returns are indicative of a thoughtful and insightful investment process.

During the year, the largest contributors to returns were from activist positions held in the underlying Master Fund. These now indirectly represent more than 50% of the Company's net exposure and have been a major source of return throughout the life of the strategy. Three new activist positions were added during the year: EssilorLuxottica SA, the French-Italian eyewear business; Sony, the warhorse of Japanese innovation; and Prudential plc, a multinational life insurance and financial services company. A lot of energy is invested in uncovering new activist opportunities, but some legacy positions also did very well in 2019. Campbell Soup, Nestlé, Baxter, and United Technologies were all strong contributors to profits.

On the other side of the ledger, a position in sovereign Argentinian bonds, historically a significant contributor to Company profits, did not work well as local politics intervened. A couple of individual longs also hurt (Chemours and Uber), and it is perhaps not surprising that the short positions also mostly lost money. As you will recall, the Investment Manager does not as a practice disclose the identity of its short holdings as it prefers to allow the fundamentals of these holdings to mature in their own time, rather than seeking to influence other investors by shouting from the rooftops.

As you will know, the Company's shares have been trading for several years at a large discount to Net Asset Value ("NAV"). Over time, the Board has introduced a series of measures to try and improve matters. These have included listing the Company's shares on the Premium Section of the London Stock Exchange, operating a buyback programme, reducing fees, and so on. Although significant, these have not had the effect on closing the discount which the Board desires.

For this reason, we announced at the end of September that over the next three years, the Company would be buying back up to $200 million worth of its stock. The scale of the buyback is an attempt to demonstrate to our shareholders and the market that we are serious about reducing the discount and that they can expect to see the Company's returns bolstered by the accretion to NAV from buybacks. In the past year, for example, buybacks added 45 cents to returns. We also hope that returns from the

[1] Reflects the net equity exposure of the Third Point Offshore Master Fund L.P.

Chairman's Statement continued

investment strategy itself will be enhanced by the erosion of that discount. Of course, the impact of the COVID pandemic has introduced unwelcome volatility into the picture, and the market turmoil which has followed has led to a confusing picture. Nevertheless, the Company remains committed to its buyback agenda and is still active in the market. I would remind shareholders that this is a three-year programme, but that does not mean that we are committed to buying an equal amount every month. We must instead be prudent in the exercise of the policy in the light of market conditions. As our programme is to take place over a three-year period, we need to look through the current problems in the expectation that some normality will eventually prevail.

A buyback on its own is not a universal panacea. Discounts exist for all sorts of reasons, and we have concluded that we need to disseminate the Third Point story to a wider audience. This involves both better communications and better materials. Over the past few months we have made progress on both these fronts, but there are further improvements to come. I would add that the level of disclosure in the portfolio may look light compared to a conventional investment trust, but a number of the key activist positions are commercially sensitive, in particular when they are being built, and the Manager exercises the due caution needed to ensure that positions are fully 'sized' before being made public. In any event, both the Board and the Manager agree that more communication with the shareholders is key to improving the rating of the Company's shares, and we are committed to making this a reality. With this in mind, the Manager recently began releasing weekly returns estimates in an effort to improve transparency with investors. We have asked our shareholders to be patient with us and to let the cumulative effect of the buyback and the increased communication have their desired effect. We will be putting forward a motion to the Annual General Meeting ("AGM") that the name of the Company be changed to 'Third Point Investors Limited', so dropping the Offshore qualifier. It is felt that the adjective 'Offshore' connotes an entity less respectable than the reality of your Company. We hope its removal will add at the margin to its appeal to a broader shareholder group.

There has also been some confusion about the percentage of our assets which can be held in other closed-ended vehicles. The Company invests substantially all its assets into the Master Fund. The Company does not invest in closed-ended investment funds which are listed on the official list of the Stock Exchange. The Company's Investment Policy will be clarified accordingly at the next Annual General Meeting ("AGM").

Notice of the AGM will be sent out to investors in due course including arrangements in light of the COVID-19 crisis.

Beyond the question of governance, the Board believes that Third Point is a unique investment vehicle and that there are no comparable closed-ended structures available to investors in the London market. The Manager has a strong long-term track record and a sterling reputation.

In August, Huw Evans joined the Board. He is a Chartered Accountant with a background in corporate finance and is based in Guernsey. Chris Legge has indicated that he will retire at the AGM on 1 July 2020 and Huw will then replace him as Chair of the Audit Committee. I would like to thank Chris for his long service to the Company and for the bonhomie which he brings to proceedings while keeping an eagle eye on the accounts. Huw will be standing for election at the AGM and I urge you to support him.

Third Point has reacted to current market conditions by positioning itself more defensively by reducing exposures, among other things, and continues to monitor a very fluid situation in an effort to invest responsibly in an extremely uncertain economic backdrop. There is no historical precedent for markets navigating their way through a crisis like this, but it seems clear that the global economy will come back from its current slump, even if that takes a considerable time. As events unfold, Dan Loeb and his team feel that the underlying quality of many of the companies held in the portfolio will offer attractive returns and that the need to restructure to unlock value will be more relevant than ever. Inevitably, the volatility and disruption we see will provide other opportunities for a well-resourced and nimble manager like Third Point.

My fellow Directors and I are honoured to serve our shareholders.

Steve Bates

28 April 2020

Strategic Report

The Directors submit their Strategic Report and Directors' Report, together with the Company's Statements of Assets and Liabilities, Statements of Operations, Statements of Changes in Net Assets, Statements of Cash Flows and the related notes for the year ended 31 December 2019, together the "Audited Financial Statements". These Audited Financial Statements have been properly prepared, in accordance with accounting principles generally accepted in the United States of America, any relevant enactment for the time being in force, and are in agreement with the accounting records.

The Company

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. Following changes to the Listing Rules on 6 April 2010, the secondary listing became a standard listing. 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. On 28 March 2019, FTSE published an update to the UK Index Series Guide to Calculation Method for the Median Liquidity Test which stated that: "Where a security has a market quote in multiple currencies, only volume data from the eligible Sterling quote will be used in the liquidity test." Based on this revised calculation method the Shares have been removed from the UK Index Series.

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 Class E and N 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 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, factor risk, and beta, among other considerations. 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

Strategic Report continued

Investment Objective and Policy (continued)
catalyst that will unlock value or alter the lens through which the broad market values a particular investment. The 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.

As of 1 January 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund (Class N). The new share class attracts a lower management fee and the Company now also qualifies for an additional reduction in the management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee in the newly created share class has been reduced from 2.0% to 1.25% per annum since 1 January 2019.

The new share class is subject to a 25% quarterly redemption gate.

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 year are set out in the Statements 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 5 December 2018, the Board announced the implementation of a share buyback programme, with share purchases being made through the market at prices below the prevailing NAV per share.

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:

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

Viability Statement
In accordance with principle 31 of the UK Corporate Governance Code, published by the Financial Reporting Council in July 2018 ("The Code"), the Directors have assessed the prospects of the Company over the three year period to 31 December 2022. The Directors consider that three years is an appropriate period based on a review of the Company's investment horizon, anticipated cash flows, management arrangements as well as the liquidity of the Company's investment in the Master Fund.

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) in Class E and N shares of Third Point Offshore

Viability Statement (continued)

Fund, Ltd. (the "Master Fund"), an exempted company formed under the laws of the Cayman Islands on 21 October 1996.

As of 1 January 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class is subject to a 25% quarterly redemption gate.

The Company is able to redeem an appropriate amount each quarter to account for Company fees and expenses. The Company's performance and operations therefore depend upon the performance of the Master Fund and the Directors in assessing the viability of the Company pay particular attention to the risks facing the Master Fund. The Investment Manager's Review on pages 27 to 29 sets out details of the Company's financial performance, and outlook.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties as well as the internal control and financial reporting processes detailed above and in particular the underlying investment performance of the Master Fund, share price discount to the NAV and the impact of Covid-19.

The Directors acknowledge the two year notice period of the Investment Manager serving notice under the Management Agreement. To mitigate against this risk, the Directors meet regularly with the Investment Manager to review the Company's performance, and closely monitor the relationship with the Investment Manager.

The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. This includes the Directors assessment of the impact of Covid-19 on the Company (see page 17 for further details) The Directors believe that the Company is well placed to manage its business risks successfully, having taken into account the current economic outlook.

The Directors, having considered the above risks and reviewed ongoing budgeted expenses, have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due. The Directors confirm their belief that the Company will remain viable for the period to 31 December 2022.

Third Point Environmental, Social and Governance ("ESG") Policies

The Company is adopting the ESG policies of the Investment Manager. They are consistent with its thoughts about the community – inside and outside Third Point – its business, and its investments. The Manager's policies mark the beginning of an ongoing commitment to leading the hedge fund industry in developing standards for environmental, social, and governance practices.

Below are some of the highlights of the 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 CO2e greenhouse gases (equal to the annual emissions of 5,100 cars) from being emitted annually.

Strategic Report continued

Environmental initiatives (continued)

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" program, the Manager offers its employees multiple opportunities to come together for service learning and contribute financially to the community.

Governance Initiatives

The Manager strongly encourages good governance practice at all its investee businesses. Furthermore, the Board of the Company comprises 6 members of which 5 are independent of the Manager.

Going Concern

After making enquiries and given the nature of the Company and its investment, and having carried out an assessment of the impact of Covid-19 on the Company, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Audited Financial Statements. The Master Fund Shares are liquid and can be converted to cash to meet liabilities as they fall due. These shares are subject to a 25% quarterly redemption gate. The Board considers this to be sufficient for normal requirements. After due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

Signed on behalf of the Board by:

Steve Bates
Chairman

Christopher Legge
Director

28 April 2020

Directors' Report

Directors
The Directors of the Company during the year and to the date of this report are as listed on page 8 of these Audited 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 6,122 shares as at 31 December 2019.

Christopher Legge held 6,500 shares as at 31 December 2019.

Rupert & Rosemary Dorey held 25,000 shares between them as at 31 December 2019.

Claire Whittet and her husband Martin Whittet, held 2,500 shares as at 31 December 2019 through their joint Retirement Annuity Trust Scheme (RATS).

Huw Evans held 5,000 shares as at 31 December 2019.

Corporate Governance Policy
The Board has considered 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.

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.

The AIC Code provides a "comply or explain" code of corporate governance designed especially for the needs of investment companies. The AIC published the code of corporate governance and the Company has reviewed its compliance with these standards. The UK Financial Reporting Council ("FRC") has

Directors' Report continued

Corporate Governance Policy (continued)

confirmed that so far as investment companies are concerned it considers that 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. In July 2018, the FRC released a revised Corporate Governance Code which became effective for accounting periods beginning on or after 1 January 2019. The AIC also updated its Code on 5 February 2019, to reflect the revised principle and provisions in the 2018 UK Corporate Governance Code. The 2019 AIC Code also came into effect for accounting periods beginning on or after 1 January 2019. The Board is reporting under the 2019 AIC Code for the current year.

The AIC Code requires the Company to appoint Nomination, Remuneration and Management Engagement Committees. The independent directors of the Board will act as these committees and the first meetings were held in August 2019. The Nomination and Remuneration Committee considers the composition of and recruitment to the Board, and will consider market practice, peer group statistics and the requirements of the role when determining remuneration levels of the Directors. The Management Engagement Committee will review the performance of the Company's service providers.

The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Directors, as part of the duties of the Management Engagement Committee ("MEC"), have satisfied themselves 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. It is the Company's policy to comply with the AIC Code.

The Board confirms that, throughout the year covered in the Audited Financial Statements, the Company complied with the Guernsey Code issued by the GFSC, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

Board Structure

The Board currently consists of six 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[1]	Non-Executive Chairman	Yes	5 February 2019
Rupert Dorey	Non-Executive Director	Yes	5 February 2019
Keith Dorrian (retired 3 July 2019)	Non-Executive Director	Yes	19 June 2007
Huw Evans	Non-Executive Director	Yes	21 August 2019
Christopher Legge	Non-Executive Director	Yes	19 June 2007
Joshua L Targoff	Non-Executive Director	No	29 May 2009
Claire Whittet	Non-Executive Director	Yes	27 April 2017

[1]Mr. Bates was appointed as Chairman on 5 February 2019, Mrs Whittet had previously been in the role of Interim Chair.

Board Structure (continued)

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

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, as in the past.

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

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 this review out 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.

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

The Board notes the AIC Code and UK Code requirement for all Directors to be subject to annual re-election. In accordance with the Company's articles of incorporation, the Independent Directors and Mr. Targoff (treated for the purposes of the AIC Code as a Non-Independent Director) retire and offer themselves for re-election at each AGM.

The Directors undertake an annual evaluation of the Board's performance and continuing independence and during this evaluation (which includes a review of the diversity of experience within the Board to ensure that it remains appropriate) all Directors are asked to confirm their future intentions. The Board has robust procedures for the identification of prospective Non-Executive Director candidates, and as part of the selection process, due regard is paid to the recommendations for board diversity. However, ability and experience will be the prime considerations.

Steve Bates was appointed Chairman of the Board on 5 February 2019 following an extensive interview process conducted by the Independent Directors with the assistance of an independent recruitment firm. In addition, in view of Keith Dorrian's decision not to stand for re-election at the 2019 AGM, the Board interviewed a number of candidates which culminated in Rupert Dorey joining the Board on 5 February 2019. He was subsequently appointed Chair of the Nomination and Remuneration Committee.

Directors' Report continued

Board Tenure and Succession Planning (continued)

Chris Legge has indicated that he does not intend to stand for re-election at the AGM in 2020 and the Board identified Huw Evans as a suitable replacement. Mr. Evans was appointed as a Director on 21 August 2019 and will be appointed Chair of the Audit Committee following Mr. Legge's retirement.

Directors' Biographies

Steve Bates

Mr. Bates has over 39 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 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 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 are FTSE 250 companies. He has served on boards with 18 different managers, including Apollo, Aviva, M&G, Partners Group, Cinven, 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 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.

Christopher Legge

Christopher Legge, is a Guernsey resident and worked for Ernst & Young in Guernsey from 1983 to 2003. Having joined the firm as an audit manager in 1983, he was appointed a partner in 1986 and managing partner in 1998. From 1990 to 1998, he was head of Audit and Accountancy and was responsible for the audits of a number of insurance, banking, investment fund and financial services clients. He also had responsibility for the firm's training, quality control and compliance functions. He was appointed managing partner of Ernst & Young for the Channel Islands region in 2000. Since his retirement from Ernst & Young in 2003, Mr. Legge has held a number of non-executive directorships in the financial sector. He is an FCA and holds a BA (Hons) in Economics from the University of Manchester.

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 40 years' experience in the banking industry. After gaining an MA in Geography from Edinburgh University, she joined the Bank of Scotland where she remained 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. She was latterly Co-Head and Managing Director and since May 2016 has been a Non-Executive Director of the bank. 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. Legge and Mrs. Whittet are also both Directors of another listed Fund (TwentyFour Select Monthly Income Fund Limited). 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 create any conflict or affect the independence of the respective Directors.

A number of the directors are 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 year.

Name	Scheduled Board Meetings Attended (max 4)	Audit Committee Meetings Attended (max 3)
Steve Bates[1]	4 of 4	N/A
Rupert Dorey[1]	4 of 4	3 of 3
Keith Dorrian[2]	2 of 2	N/A
Huw Evans[3]	2 of 2	1 of 1
Christopher Legge	4 of 4	3 of 3
Joshua L Targoff[4,5]	4 of 4	N/A
Claire Whittet	4 of 4	3 of 3

[1] *Mr. Bates and Mr. Dorey were appointed 5 February 2019.*

[2] *Mr. Dorrian did not stand for re-election at AGM on 3 July 2019.*

[3] *Mr. Evans was appointed as a Director on 21 August 2019.*

[4] *Mr. Targoff is not a member of the Audit Committee.*

[5] *Mr. Targoff does not attend Meetings as a Director where recommendations from the Investment Manager are under consideration.*

Directors' Report continued

Meeting Attendance Records (continued)
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.

Committees of the Board
As set out on page 8, the AIC Code requires the Company to appoint Nomination and Remuneration and Management Engagement Committees. The independent directors of the Board act as these committees and the first meetings were held in August 2019. The Nomination and Remuneration Committee considers the composition of and recruitment to the Board, and will consider 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 would be 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 for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board of Directors. Full details of its functions and activities are set out in the Report of the Audit Committee on pages 23 to 26 of this Annual Report.

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.

Directors' Duties and Responsibilities (continued)
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 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 year.

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.

Directors' Report continued

Internal Control and Financial Reporting (continued)

- 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.

- 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. Please refer to page 28 where reference is made to the internal audit functions at the Investment Manager and NT.

- 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. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

Board Performance

The Board and Audit Committee undertake a formal annual evaluation of their own performance and that of their committees and individual Directors. In order to review their effectiveness, the Board and Audit Committee carry out a process of formal self-appraisal. The Directors and Committee consider how the Board and Audit Committee function as a whole and also review the individual performance of their members. 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. The performance of the Chairman is evaluated by the other independent Directors. The performance of the Management Engagement Committee and the Nomination and Remuneration Committee will also be evaluated annually going forward. It is intended that an external review of the Board will be carried out in 2020.

Management of Principal Risks and Uncertainties

As noted in the Statement of Directors' Responsibilities in respect of the Audited Financial Statements, the Directors are required to provide a description of the emerging and principal risks and uncertainties facing the Company. The Directors have considered the risks and uncertainties facing the Company and have prepared and review regularly a risk matrix which documents the significant risks.

The Directors have also considered the continually emerging impact of Covid-19 on the Company. Please see page 17 for the full assessment of the risks associated with Covid-19.

This process has been in place for the year under review and up to the date of approval of the Audited Financial Statements and is reviewed by the Board and is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published by the FRC.

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.

Management of Principal Risks and Uncertainties (continued)

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

Further discussion on Internal Control is documented in the Directors' Report under "Internal Control and Financial Reporting".

The main risks and uncertainties that the Directors consider to apply to the Company are as follows:

- 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;
- Concentration and Character of the Investor Base. The Directors receive quarterly investor reports from Numis Securities Limited ("the Corporate Broker") and there is regular communication between the Directors and Corporate Broker to identify potential significant changes in the Shareholder base;
- Discount to the NAV. The Board monitors the discount to the NAV on a regular basis 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.
- Performance of the Investment Manager. Through the Management Engagement Committee, the Directors review the performance of the Investment Manager on an annual basis and Board representatives conduct annual visits to the Investment Manager;
- 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 cash and securities with quoted prices available in active markets/exchanges; 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

Directors' Report continued

Management of Principal Risks and Uncertainties (continued)

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.

Significant Events During The Year

The FRC and AIC have revised their corporate governance codes, which became effective 1 January 2019. The Company is reporting under these revised codes.

As of 1 January 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class is subject to a 25% quarterly redemption gate. The Company is able to redeem an appropriate amount each quarter to account for Company fees and expenses. The new share class attracts a lower management fee and the Company also qualifies for an additional reduction in management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee has been reduced from 2.0% to 1.25% per annum commencing on 1 January 2019.

For the period 1 January 2019 to 31 December 2019, 4,338,078 shares have been repurchased by the Master Fund and cancelled at an average cost per share of $14.72.

Steve Bates was appointed as Chairman on 5 February 2019.

Rupert Dorey was appointed as a Director on 5 February 2019.

On 30 April 2019, the Board announced the appointment of Numis Securities Limited as a replacement for Jefferies International Limited as Corporate Broker to the Company.

On 3 July 2019, the Board of Directors announced the cancellation of all remaining 3,379,753 Shares then held by the Master Fund for the benefit of the Company. The cancellation is in accordance with the Repurchase Policy announced on 2 May 2018.

Huw Evans was appointed as a Director on 21 August 2019.

On 30 September 2019, Sarah Bates (spouse of Steve Bates, non-executive chairman of the Company) purchased 3,200 shares in Third Point Offshore Investors Limited taking their combined total holding to 6,122 shares.

On 30 September 2019, Huw Evans purchased 5,000 shares in Third Point Offshore Investors Limited taking his total holding to 5,000 shares.

On 5 December Rosemary Dorey, spouse of Rupert Dorey bought 13,000 shares in Third Point Offshore Investors Limited, taking their combined holding to 25,000 shares.

There were no other events during the year which, in the opinion of the Directors, may have an impact on the Audited Annual Financial Statements for the year ended 31 December 2019.

Significant Events After Year End

On 8 January 2020, the Master Partnership' holding of 225,000 shares in the Company was cancelled.

For the period 1 January 2020 to 27 April 2020, 871,231 shares have been repurchased (of which 705,000 have been cancelled) at an average cost per share of $15.83.

Significant Events After Year End (continued)

The COVID pandemic has had a very significant negative effect on capital markets and the underlying volatility has risen sharply. While the majority of the Company's assets remain highly liquid, market disruptions of the type engendered by the current crisis have the potential to affect market liquidity. The majority of the employees of all the Company's service providers are currently working remotely. Although business continuity has been assured hitherto, there is a risk of potential disruption from this source.

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 twelfth Annual General Meeting was held on 3 July 2019 with all proposed resolutions being passed by the Shareholders. The thirteenth Annual General Meeting will be held on 1 July 2020.

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 has 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, such as Modern Slavery and the General Data Protection Regulation ("GDPR"), and will report on those to the extent they are considered relevant to the Company's operations.

COVID-19 assessment

As a result of the COVID-19 impact on businesses, the Board believes it is a significant risk to the Company mitigated by the following points:

- *Business Operations* — The Board has established business continuity plans and has inquired and is satisfied that service providers have a process in place to continue to provide required service to the company and maintain compliance with laws and regulations in the face of the challenges faced as a result of COVID-19.
- *Liquidity Risk* — the Company's main source of cash is via redemptions from the Master Fund. As of December 31, 2019, over 70% of the Master Fund's 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

Directors' Report continued

COVID-19 assessment (continued)

Master Fund is yet to see any significant redemptions which would cause the Directors concern regarding gating.

- *Performance* — Gains from early 2020 have been reversed during the virus outbreak but the Board has positioned itself more defensively by reducing exposures, among other things. As of April 22, 2020, the Master Fund net return is -13% for the year, as compared to the S&P return of -13%. It is difficult to assess or quantify the future impact of COVID-19 but the Company will continue to actively monitor its exposure as the situation develops.

Significant Shareholdings

As at 20 April 2020, the Company had been notified that the following had significant shareholdings in excess of 5% in the Company:

	Total Shares Held	% Holdings in Class
Significant Shareholders		
Goldman Sachs Securities (Nominees) Limited	5,295,095	13.74%
Chase Nominees Limited	4,528,397	11.75%
Vidacos Nominees Limited	3,512,976	9.12%
Nortrust Nominees Limited	2,462,659	6.39%
Morgan Stanley & Co. Incorporated	2,410,503	6.25%
Smith & Williamson Nominees Limited	2,122,055	5.51%

The Directors confirm to the best of their knowledge:-

- there is no relevant audit information of which the Company's Auditor is unaware of, and each Director has taken steps he/she ought to have taken as a Director to make himself/herself aware of any relevant information and to establish that the Company's Auditor is aware of that Information;
- these Annual Report and Audited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and give a true and fair view of the financial position of the Company;
- these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the Shareholders to assess the Company's performance, business model and strategy; and
- these Annual Report and Audited Financial Statements include information detailed in the Directors' Report, the Investment Manager's Review and Notes to the Audited Financial Statements, which provide a fair review of the information required by:-

  a) DTR 4.1.8 of the Disclosure and Transparency Rules ("DTR"), being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and

  b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the ending of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Steve Bates
Chairman

Christopher Legge
Director

28 April 2020

Disclosure of Directorships in Public Listed Companies

The following summarises the Directors' directorships in public companies:

Company Name	Exchange
Steve Bates	
VinaCapital Vietnam Opportunity Fund Limited	London
Biotech Growth Trust plc	London
Rupert Dorey	
NB Global Floating Rate Income Fund Limited	London
AP Alternative Assets, L.P.	Euronext
Episode LP	Ireland
Huw Evans	
Standard Life Investments Property Income Trust Limited	London
VinaCapital Vietnam Opportunity Fund Limited	London
Christopher Legge	
Ashmore Global Opportunities Limited	London
NB Distressed Debt Investment Fund Limited	London
Sherborne Investors (Guernsey) B Limited	London
Sherborne Investors (Guernsey) C Limited	London
TwentyFour Select Monthly Income Fund Limited	London
Claire Whittet	
BH Macro Limited	London
Eurocastle Investment Limited	Euronext
International Public Partners Limited	London
Riverstone Energy Limited	London
TwentyFour Select Monthly Income Fund Limited	London

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

The Directors are responsible for preparing the Audited Financial Statements in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States of America. Guernsey Company Law requires the Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the net income or expense of the Company for that year.

In preparing these Audited Financial Statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed subject to any material departures disclosed and explained in the Audited Financial Statements; and
- prepare the Audited Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Audited 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:

- there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps he/she ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's Auditor is aware of that information;
- these Annual Report and Audited Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America and give a true and fair view of the financial position of the Company;
- these Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide information necessary for the Shareholders to assess the Company's performance, business model and strategy; and
- these Annual Report and Audited Financial Statements include information detailed in the Directors' Report, the Investment Manager's Review and Notes to the Audited Financial Statements, which provide a fair review of the information required by:

  a) DTR 4.1.8 of the Disclosure and Transparency Rules ("DTR"), being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and

  b) DTR 4.1.11 of the DTR, being an indication of important events that have occurred since the ending of the financial year and the likely future development of the Company.

Steve Bates
Chairman

Christopher Legge
Director
28 April 2020

Directors' Remuneration Report

Introduction
The Board has prepared this report as part of its framework for corporate governance which, as described in the Directors' Report, enables the Company to comply with the main requirements of the UK Corporate Governance Code published by the Financial Reporting Council.

An ordinary resolution for the approval of this report will be put to the Shareholders at the forthcoming AGM.

Remuneration Policy
The AIC Code requires the Company to appoint a Nomination and Remuneration Committee. The independent directors of the Board will act as this committee and the first meeting was held in August 2019. The Committee considers the composition of and recruitment to the Board, and will consider market practice, peer group statistics and the requirements of the role when determining remuneration levels of the Directors.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as is the Chairman of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to Directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Director appointments can also be terminated in accordance with the Articles. Should Shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

Director fee levels are capped at an individual level as set out in the Company's Articles of Association. The current fee caps within the Articles are as follows; Board Chairman - £70,000 per annum, Audit Chairman - £50,000 per annum and Director - £40,000 per annum. These caps have not changed since the formation of the Company, and in some cases constrain the ability of the Committee to set fees at prevailing competitive market rates. For this reason, a resolution will be put to the AGM to seek approval for an overall fee cap of £500,000 for the directors as a whole. This brings the remuneration policy of the Company into line with market practice and affords greater flexibility in setting fee levels for individual directors.

The current fees are as follows; Board Chairman - £68,000 per annum, Audit Chairman - £50,000 per annum and Director - £40,000 per annum. Josh Targoff has waived his fees. The Nomination and Remuneration and Management Engagement Committee Chairs will receive an additional £3,000 per annum following the anticipated shareholder approval at the AGM on 1 July 2020.

Directors' Remuneration Report continued

Directors' fees

The fees payable by the Company in respect of each of the Directors who served during 2019 and 2018, were as follows:

	2019 £	2018 £
Marc Antoine Autheman[1] (Chairman)	–	44,272
Steve Bates[2] (Chairman)	56,875	–
Rupert Dorey[2]	34,306	–
Keith Dorrian[3]	19,156	38,000
Huw Evans[4]	13,630	–
Christopher F L Legge (Audit Committee Chairman)	46,000	46,000
Joshua L Targoff[5]	–	–
Claire Whittet[6]	40,431	45,551
Total	**210,398**	**173,823**
USD equivalent	US$270,396	US$241,529

[1] Mr. Autheman resigned from the Board of Directors on 12 September 2018.
[2] Mr. Bates and Mr. Dorey were appointed as Directors on 5 February 2019.
[3] Mr. Dorrian retired at the AGM on 3 July 2019.
[4] Mr. Evans was appointed as a Director on 21 August 2019.
[5] As a non-independent Director and as a Partner of the Investment Manager Joshua L Targoff waived his Directors' fee.
[6] Mrs Whittet was appointed Interim Chair following Mr. Autheman's resignation until Mr. Bates' appointment.

Performance table

The table shown on page 27 details the share price returns over the year.

Signed on behalf of the Board by:

Steve Bates
Chairman

Christopher Legge
Director

28 April 2020

Report of the Audit Committee

On the following pages, we present the Audit Committee (the "Committee") Report for the year ended 31 December 2019, setting out the Committee's structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the independent auditor and the internal control and risk management systems of service providers.

The Board is satisfied that for the year under review and thereafter the committee has recent and relevant commercial and financial knowledge.

Structure and Composition
The Committee is chaired by Christopher Legge and its other members are Claire Whittet, Rupert Dorey who was appointed on 5 February 2019 and Huw Evans who was appointed on 21 August 2019. Keith Dorrian was a member until he retired at the 2019 AGM. The Committee operates within clearly defined terms of reference.

The Committee Terms of Reference indicates that appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, and thereafter annually, provided that the Director whose appointment is being considered remains an Independent Director for the period of extension.

Name of Audit Committee Member	Date of Appointment to Audit Committee	Next Date for Review
Rupert Dorey[2]	February 5, 2019	April 2022
Huw Evans[3]	August 28, 2019	August 2022
Chris Legge[4]	June 19, 2007	17 April 2013[1] 18 April 2016 N/A
Claire Whittet	April 27, 2017	April 2023

[1] *Date specific tenure introduced on 17 April 2013.*
[2] *Mr. Dorey was appointed 5 February 2019.*
[3] *Mr. Evans was appointed 28 August 2019.*
[4] *Mr. Legge is not going to stand for re-election at the next AGM on 1 July 2020.*

The Committee conducts formal meetings at least three times a year. The table on page 11 sets out the number of Committee meetings held during the year ended 31 December 2019 and the number of such meetings attended by each committee member. The independent auditor is invited to attend those meetings at which the annual and interim reports are considered. The independent auditor and the Committee will meet together without representatives of either the Administrator or Investment Manager being present if either considers this to be necessary.

Principal Duties
The role of the Committee includes:

- monitoring the integrity of the published financial statements of the Company;

- keeping under review the consistency and appropriateness of accounting policies on a year to year basis. Satisfying itself that the annual accounts, the interim statement of financial results and any other major financial statements issued by the Company follow generally accepted accounting principles in the United States of America and give a true and fair view of the Company and any associated

Report of the Audit Committee continued

Principal Duties (continued)

undertakings' affairs; matters raised by the external auditors about any aspect of the accounts or, of the Company's control and audit procedures, are appropriately considered and, if necessary, brought to the attention of the Board, for resolution;

- monitoring and reviewing the quality and effectiveness of the independent auditors and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's independent auditor;
- monitoring and reviewing the internal control and risk management systems of the service providers; and
- considering at least once a year whether there is a need for an internal audit function.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's terms of reference, which can be obtained from the Company's website.

Independent Auditor

The Committee is also the forum through which the independent auditor (the "auditor") reports to the Board of Directors. The objectivity of the auditor is reviewed by the Committee which also reviews the terms under which the auditor is appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. The Committee has established pre-approval policies and procedures for the engagement of Ernst & Young LLP to provide non-audit services.

Ernst & Young LLP has been the independent auditor from the date of the initial listing on the London Stock Exchange.

The audit fees proposed by the auditors each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the year and the Committee makes recommendations to the Board.

Non-audit fees were paid to Ernst and Young LLP during the year in respect of the interim review of the Company's condensed accounts to 30 June 2019. The Committee considers Ernst & Young LLP to be independent of the Company. The Committee also met with the external auditors without the Investment Manager or Administrator being present so as to provide a forum to raise any matters of concern in confidence.

Evaluations or Assessments Made During the Year

The following sections discuss the assessments made by the Committee during the year:

Significant Areas of Focus for the Financial Statements

The Committee's review of the interim and annual financial statements focused on the following area:

The Company's investment in the Master Fund represents substantially all the net assets of the Company and as such is the biggest factor in relation to the accuracy of the Financial Statements. The holding in the Master Fund has been confirmed with the Company's Administrator and the Master Fund. This investment has been valued in accordance with the Accounting Policies set out in Note 3 to the Audited Financial Statements. The Audit Committee has reviewed the Financial Statements of the Master Fund and their Accounting Policies and determined the fair value of the investment as at 31 December 2019 is reasonable. The Financial Statements of the Master Fund for the year ended 31 December 2019 were audited by Ernst & Young LLP in the US who issued an unmodified audit opinion dated 18 March 2020.

Evaluations or Assessments Made During the Year (continued)

Effectiveness of the Audit

The Committee had formal meetings with Ernst & Young LLP during the course of the year: 1) before the start of the audit to discuss formal planning, discuss any potential issues and agree the scope that will be covered and 2) after the audit work was concluded to discuss any significant matters such as those stated on the previous page.

The Board considered the effectiveness and independence of Ernst & Young LLP by using a number of measures, including but not limited to:

- the audit plan presented to them before the start of the audit;
- the audit results report including where appropriate, explanation for any variations from the original plan;
- changes to audit personnel;
- the auditor's own internal procedures to identify threats to independence;
- feedback from both the Investment Manager and the Administrator; and
- confirmation from Ernst & Young LLP on their independence as additional comfort for the Committee.

Further to the above, at the point of substantial conclusion of the 2019 audit, the Committee performed a specific evaluation of the performance of the independent auditor. This is supported by the results of questionnaires completed by the Committee covering areas such as quality of audit team, business understanding, audit approach and management. This questionnaire was part of the process by which the Committee assessed the effectiveness of the audit.

There were no adverse findings from this evaluation.

Currently, the outsourcing of any non-audit services such as interim review, tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure are normally permitted but should be preapproved by the Committee, or two non-executive Directors. Under the newly released Crown Dependency rules, it is envisaged that the new Ethical Standards will apply and so the Board will need to reconsider these non-audit services. Whilst the rules are not mandatory for periods beginning before 15 March 2020, these rules will be adopted for the next annual report and permitted services will change.

The annual budget for both the audit and non-audit related services was presented to the Committee for pre-approval.

Audit fees and Safeguards on Non-Audit Services

The tables below summarises the remuneration payable by the Company to Ernst & Young LLP during the years ended 31 December 2019 and 31 December 2018.

	2019 (£)	2018 (£)
	Total	Total
Audit Services	**50,355**	**40,000**
Interim review	32,100	41,160
Reporting Accountant	–	82,500
Non-audit Services	**32,100**	**123,660**

Report of the Audit Committee continued

Evaluations or Assessments Made During the Year (continued)

Internal Control

The Committee has examined the need for an internal audit function. The Committee considered that the systems and procedures employed by the Investment Manager and the Administrator, including their internal audit functions, provided sufficient assurance that a sound system of internal control, which safeguards the Company's assets, has been maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Committee has requested and received SOC1 or equivalent reports such as service provider assessment reports from the Company's Administrator and Master Fund's Administrators to enable it to fulfil its duties under its terms of reference. Representatives of the auditors, Investment Manager and the Administrator attend the meetings as a matter of practice and presentations are made by those attendees as and when required.

Conclusion and Recommendation

After reviewing various reports such as the operational and risk management framework and performance reports from management, liaising where necessary with Ernst & Young LLP, and assessing the significant areas of focus for financial statement issues listed on page 24, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Independent Auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, both the Investment Manager and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to presentation. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and professional scepticism.

Consequent to the review process on the effectiveness of the independent audit and the review of audit services, the Committee has recommended that Ernst & Young LLP be reappointed for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Committee will attend each Annual General Meeting to respond to such questions.

The Company is not required to apply the UK statutory provisions on the rotation of auditors as it is not an EU Public Interest Entity ("PIE") being incorporated in Guernsey. However, the Audit Committee intends to review audit tenure following the release of the Crown Dependencies' Audit Rules and Guidance which became effective on 15 March 2020.

Christopher Legge
Audit Committee Chairman

28 April 2020

Investment Manager's Review

Performance Summary[1]

USD Class	31 December 2019	31 December 2018	% Return
Share Price	16.30	14.00	16.4%
Net asset value per share	21.15	17.24	22.7%
Premium/(discount)	(22.9%)	(18.8%)	

[1] *For the period 1 January 2019 to 31 December 2019.*

Strategy Performance
Recent events and market turmoil risk renders any discussion of 2019 performance meaningless. However, it is our duty to report on the annual activity of the Fund. Therefore, we shall do so here, and have added a more robust "Risk Outlook" section below to address the current environment.

For the twelve months ended 31 December 2019, the Third Point Offshore Investors Limited net asset value ("NAV") per share increased by +22.7%, significantly more than the appreciation in the corresponding share price. In addition to the Fund's strong performance, NAV appreciation was bolstered by a comprehensive and targeted share repurchase program instituted by the Board in September 2019.

Third Point LLC (the "Investment Manager", "Manager", or "Firm") is celebrating its 25th anniversary in June 2020 and Third Point Offshore Investors Limited has been an integral part of the Firm's strategy and asset base for more than half of the Firm's existence. Throughout the Firm's history, the Investment Manager has opportunistically shifted its investment focus across sectors, asset classes, geographies, and strategies according to the most compelling opportunity set given market dynamics, risk reward, and the Investment Manager's core competencies.

In 2019, Third Point reoriented its investment portfolio with an enhanced focus on portfolio construction. The Investment Manager reduced net and increased gross equity exposure through thoughtful trade construction in activist positions and by increasing both individual shorts and portfolio hedges to dampen volatility and amplify idiosyncratic returns. These changes enabled Third Point to generate higher-quality returns. In 2019, the Sharpe ratio was above 2.0; the Sortino ratio was 2x its historical average, and average volatility was slightly above 7. Efforts to optimise portfolio management led to more alpha generation, differentiated returns, and less market exposure.

The Manager also focused on its core strengths including activist investing and acquiring stakes in high-quality companies during significant market selloffs. Activism, which is now over 50% of equity exposure, has been a source of outsized returns for Third Point since 2011 and has become a more valuable strategy in a changing market environment. The Manager has allocated additional internal resources to sourcing and implementing activist and constructivist ideas and increased exposure to the highest level in the Firm's history[2]. The Fund initiated three new activist investments in 2019, specifically Sony Corp., EssilorLuxottica SA, and Prudential plc. The focus on activism produced outsized results as activism accounted for over half, or 18.4%, of the Fund's total long equity returns of 30.7% for the year. In addition, Third Point combined a strong risk management framework with its robust portfolio analytics efforts to better isolate idiosyncratic returns from unwanted systematic risks on a position level basis. For example, the Investment Manager chose to hedge out certain systematic risks – including market, sector, or geography – in core activist names such as Sony Corp. and Campbell Soup Co.

[2] Reflects the period January 1, 2009 through December 31, 2019. Prior to 2009, Third Point engaged in activist investing almost exclusively in small cap equities, which is not a reflection of the Firm's post-2009 activist opportunity set.

Investment Manager's Review continued

Strategy Performance (continued)

Within equities, strength on the long side was partially offset by losses in the short portfolio. Shorting was challenging in 2019 given the market's sharp rise. Factor moves in the fall evaporated alpha generated earlier in the year. Losses in shorting were roughly as expected considering market performance, but the effort succeeded in reducing overall volatility, beta, and correlation. Going forward, the Investment Manager will look for opportunities to integrate market and factor observations into its fundamental lens.

Credit investing has been an essential part of Third Point's investment strategy since inception. During periods of significant dislocation in credit markets or sub-markets, the Investment Manager will swiftly reallocate the portfolio to act as a provider of liquidity in such dislocations. Periods of opportunity in credit have produced outsized returns and there have been instances in which credit has accounted for more than half of the total portfolio's exposure.

In 2019, losses from an oversized position in Argentine government debt more than offset gains in Pacific Gas & Electric corporate debt and detracted from overall fund profits for the year. These losses put a dent in a string of successes investing in sovereign debt since 2011, in Greece and previously in Argentina. The Investment Manager acknowledges that it underestimated both the political risk and the reflexive reaction of the dollar-denominated debt to the collapse of the local currency. In structured credit, the Manager had a good year in RMBS securities but gave some profits back in marketplace lending. Structured credit offers an important source of diversification and continues to generate strong returns per unit of risk. Third Point is looking currently to expand its credit efforts broadly in capital, resources, and talent as it prepares for the next credit cycle.

As of 31 December 2019, the top five single-issuer positions in the portfolio were Baxter International Inc., Sony Corp., Prudential plc, Nestlé SA, and United Technologies Corp.

Risk Outlook

The current Coronavirus situation presents a significant supply and demand shock for global economies. While central banks throughout the world have taken steps in an attempt to mitigate a complete economic meltdown, brutal volatility persists globally across markets, sectors, and industries. Until data indicates that the virus is under control, the Investment Manager expects the unpredictable nature of the markets to continue.

Third Point's portfolio has not been immune to the recent volatility in the market due to a number of factors, namely approximately 65% net equity exposure going into the crisis. With chances of recession almost 100%, the Investment Manager has taken the following steps given current drawdowns and volatility: reducing exposures and looking for opportunities in credit, while remaining opportunistic when particularly high-quality companies appear to be "on sale".

Third Point started as a distressed-debt fund and it is the Investment Manager's ability to invest throughout a company's capital structure that it counts as its core strength. While today's environment represents an unprecedented investing market, Third Point's ability to invest in structured credit, distressed corporate credit, and special situations will inure to the benefit of the Fund and its shareholders.

In the meantime, the Investment Manager remains focused on bottom-up, fundamental investing and will continue to monitor global market dynamics including political events and shifts in economic policy, data, and forecasts.

In November, Third Point introduced a more robust reporting program to better inform investors of portfolio composition and performance. All investors are encouraged to visit www.thirdpointoffshore.com for additional information.

Portfolio Detail as at 31 December 2019[1]	Long	Exposure Short	Net
Equity			
Activism	54.5%	(12.0%)	42.5%
Fundamental & Event	55.3%	(23.9%)	31.4%
Portfolio Hedges[2]	0.0%	(8.5%)	(8.5%)
Total Equity	**109.8%**	**(44.4%)**	**65.4%**
Credit			
Corporate & Sovereign	8.4%	(0.2%)	8.2%
Structured	16.2%	(0.1%)	16.1%
Total Credit	**24.6%**	**(0.3%)**	**24.3%**
Privates	**10.1%**	**0.0%**	**10.1%**
Other[3]	**0.0%**	**(2.0%)**	**(2.0%)**
Total Portfolio	**144.5%**	**(46.7%)**	**97.8%**

Equity Portfolio Detail as at 31 December 2019	Long	Exposure Short	Net
Equity Sectors			
Consumer Discretionary	13.8%	(5.4%)	8.4%
Consumer Staples	11.9%	(2.5%)	9.4%
Energy	2.7%	(0.4%)	2.3%
Financials	20.4%	(5.5%)	14.9%
Healthcare	25.7%	(6.1%)	19.6%
Industrials & Materials	15.5%	(8.2%)	7.3%
Enterprise Technology	5.2%	(6.1%)	(0.9%)
Media & Internet	14.6%	(1.7%)	12.9%
Portfolio Hedges[2]	0.0%	(8.5%)	(8.5%)
Total	**109.8%**	**(44.4%)**	**65.4%**

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

[2] Primarily broad-based market and equity-based hedges.

[3] Primarily currency hedges. Speculative rates and macro FX excluded from the exposure figures. Corresponding net exposure is 0.16% for rates and (7.74%) for FX. MTD and YTD P&L of Other includes attribution of speculative macro investments as well as residual gains and losses attributable to unhedged currency movements relative to USD.

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 Auditor's Report

to the members of Third Point Offshore Investors Limited

Opinion

We have audited the financial statements of Third Point Offshore Investors Limited (the "Company") for the year ended 31 December 2019, which comprise the Statements of Assets and Liabilities, the Statements of Operations, the Statements of Changes in Net Assets, the Statements of Cash Flows and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

In our opinion, the financial statements:

- give a true and fair view of sthtaete of the Company's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with accounting principles generally accepted in the United States of America; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 14 to 16 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 5 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 6 in the annual report about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 4 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Investment Valuation • Investment Existence and Ownership
Audit scope	• We performed an audit of the complete financial information of the Company for the year ended 31 December 2019. • Procedures were performed on the audit team's behalf by EY New York, under our instruction and supervision, in respect of the Company's share of the Master Fund's income and expenses as reported in the Statement of Operations on page 37.
Materiality	• Overall materiality of US$16.7 million which represents 2% of net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of investments (US$831m, PY comparative US$803m) Refer to the Report of the Audit Committee (page 23 to 26); Accounting policies (page 41) The investments held are measured at fair value through profit or loss, and their fair value is determined by reference to the published NAV per share of the investee fund, as calculated by its independent Administrator. The valuation risk considers the risk of an error in the application of the published NAV per share, obtained from the independent Administrator of the investee fund, when calculating the fair value of the Company's investments, as well as the effect	Our response comprised of substantive audit testing of investment valuation, including: • Agreeing the valuation per share of the Company's investments in the investee fund to the NAV per share of the investee fund published by its independent Administrator; • Agreeing the valuation per share of the Company's investments in the investee fund to the NAV per share of the investee fund per its audited financial statements for the year ended 31 December 2019, which were approved on 18 March 2020; and	We confirmed there were no matters identified during our audit work on the valuation of investments that we wanted to bring to the attention of the Audit Committee.

Independent Auditor's Report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
on valuation of any gating/ suspension of redemptions by the investee fund.	Reviewing the subscriptions and redemptions schedule of the investee fund around the year-end date to assess the liquidity of the Company's investments in the investee fund.	
Investment existence and ownership (US$831m, PY comparative US$803m) Refer to the Report of the Audit Committee (page 23 to 26); Accounting policies (page 41) Risk that the investments presented in the financial statements do not exist or the Company does not have the rights to cash flows derived from them. Failure to obtain good title exposes the Company to significant risk of loss.	Our response comprised the performance of substantive audit testing of investment existence and ownership including: • Obtaining a confirmation, as at 31 December 2019, of the Company's holdings in the investee fund into which the Company invests, from the independent Administrator of the investee fund, and agreeing it to the accounting records of the Company; and • Agreeing supporting documentation for all additions and disposals of holdings in the investee fund that took place during the year ended 31 December 2019, and agreeing the details to the accounting records of the Company.	We confirmed there were no matters identified during our audit work on existence and ownership of investments that we wanted to bring to the attention of the Audit Committee.

Emphasis of matter – Effects of COVID-19

We draw attention to Notes 3 and 13 of the financial statements, which describe the economic consequences the Company is facing as a result of COVID-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, this enables us to form an opinion on the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

"Materiality" is the magnitude of omissions or misstatements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be US$16.7 million (2018: US$16.3 million), which is approximately 2% (2018: 2%) of net assets. We believe that net assets provides us with an appropriate basis for audit materiality as it is a key published performance measure and is a key metric used by management in assessing and reporting on overall performance.

During the course of our audit, we reassessed initial materiality and noted no matters leading us to amend the basis of materiality (2% of net assets).

Performance materiality

"Performance materiality" is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely US$12.5 million (2018: US$12.2 million). We have set performance materiality at this percentage because we have considered the likelihood of misstatements to be low. We have considered both quantitative and qualitative factors when determining the expected level of detected misstatements and setting the performance materiality at this level.

Reporting threshold

The reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$0.8 million (2018: US$0.8 million), which is set at 5% (2018: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 29, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report continued

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 18 –** the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 23 to 26 –** the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee is materially inconsistent with our knowledge obtained in the audit; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 7 to 8 –** the parts of the directors' statement relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the 'Statement of Directors' responsibilities' set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Robert John Moore, ACA
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands

28 April 2020

Notes:

1. The maintenance and integrity of Third Point Offshore Investors Limited's web site 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 web site.
2. Legislation in the Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statements of Assets and Liabilities

(Stated in United States Dollars)	As at 31 December 2019 US$	As at 31 December 2018 US$
Assets		
Investment in Third Point Offshore Fund Ltd at fair value (Cost: US$357,577,552; 31 December 2018: US$398,942,647)	830,922,171	803,148,852
Cash	110,693	117,979
Due from broker	11,729	520,662
Redemption receivable	3,827,500	10,130,000
Other assets	10,744	18,933
Total assets	**834,882,837**	**813,936,426**
Liabilities		
Accrued expenses and other liabilities	274,817	258,425
Administration fee payable (Note 4)	43,215	41,974
Total liabilities	**318,032**	**300,399**
Net assets	**834,564,805**	**813,636,027**
Number of Ordinary Shares in issue (Note 6)		
US Dollar Shares	39,468,299	47,186,130
Net asset value per Ordinary Share (Notes 8 and 11)		
US Dollar Shares	$21.15	$17.24
Number of Ordinary B Shares in issue (Note 6)		
US Dollar Shares	26,312,199	31,457,421

The financial statements on pages 36 to 48 were approved by the Board of Directors on 28 April 2020 and signed on its behalf by:

Steve Bates
Chairman

Christopher Legge
Director

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Operations

(Stated in United States Dollars)	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Realised and unrealised gain/(loss) from investment transactions allocated from Master Fund		
Net realised gain from securities, derivative contracts and foreign currency translations	25,673,428	36,297,228
Net change in unrealised gain/(loss) on securities, derivative contracts and foreign currency translations	123,526,644	(146,195,764)
Net (loss)/gain from currencies allocated from Master Fund	(416,065)	724,671
Total net realised and unrealised gain/(loss) from investment transactions allocated from Master Fund	**148,784,007**	**(109,173,865)**
Net investment loss allocated from Master Fund		
Interest income	16,489,506	14,743,524
Dividends, net of withholding taxes of US$2,553,961; (31 December 2018: US$2,157,699)	5,472,534	7,792,842
Other income	5,084,038	2,058,865
Incentive allocation (Note 2)	(15,376,422)	(430,284)
Stock borrow fees	(253,883)	(131,767)
Investment Management fee	(10,515,302)	(19,188,088)
Dividends on securities sold, not yet purchased	(4,406,067)	(2,904,501)
Interest expense	(3,102,730)	(2,433,936)
Other expenses	(3,790,010)	(4,053,795)
Total net investment loss allocated from Master Fund	**(10,398,336)**	**(4,547,140)**
Company expenses		
Administration fee (Note 4)	(161,297)	(166,306)
Directors' fees (Note 5)	(270,396)	(241,529)
Other fees	(867,973)	(1,948,125)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited[1] (Note 4)	(85,371)	(96,687)
Total Company expenses	**(1,385,037)**	**(2,452,647)**
Net loss	(11,783,373)	(6,999,787)
Net increase/(decrease) in net assets resulting from operations	**137,000,634**	**(116,173,652)**

[1] *Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.*

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Changes in Net Assets

(Stated in United States Dollars)	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Increase/(decrease) in net assets resulting from operations		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	25,673,428	36,297,228
Net change in unrealised gain/(loss) on securities, derivative contracts and foreign currency translations allocated from Master Fund	123,526,644	(146,195,764)
Net (loss)/gain from currencies allocated from Master Fund	(416,065)	724,671
Total net investment loss allocated from Master Fund	(10,398,336)	(4,547,140)
Total Company expenses	(1,385,037)	(2,452,647)
Net increase/(decrease) in net assets resulting from operations	**137,000,634**	**(116,173,652)**
Decrease in net assets resulting from capital share transactions		
Dividend distribution	–	(40,603,431)
Share buybacks	(45,692,005)	(4,479,491)
Share redemptions	(70,379,851)	(39,500,000)
Net assets at the beginning of the year	813,636,027	1,014,392,601
Net assets at the end of the year	**834,564,805**	**813,636,027**

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Statements of Cash Flows

(Stated in United States Dollars)	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Cash flows from operating activities		
Operating expenses	(843,392)	(1,857,084)
Directors' fees	(270,396)	(241,529)
Administration fee	(160,056)	(174,593)
Third Point Offshore Independent Voting Company Limited[1]	(85,371)	(96,687)
Redemption from Master Fund	47,043,934	47,553,978
Cash inflow from operating activities	**45,684,719**	**45,184,085**
Cash flows from financing activities		
Dividend distribution	–	(40,603,431)
Share buybacks	(45,692,005)	(4,479,491)
Net (decrease)/increase in cash	**(7,286)**	**101,163**
Cash at the beginning of the year	**117,979**	**16,816**
Cash at the end of the year	**110,693**	**117,979**

[1] *Third Point Offshore Independent Voting Company Limited consists of Director Fees, Audit Fee and General Expenses.*

(Stated in United States Dollars)	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Supplemental disclosure of non-cash transactions from:		
Operating activities		
Redemption of Company Shares from Master Fund	70,379,851	39,500,000
Financing activities		
Share redemptions	(70,379,851)	(39,500,000)

See accompanying notes and attached Audited Financial Statements of Third Point Offshore Fund Ltd. and Third Point Offshore Master Fund L.P.

Notes to the Audited Financial Statements

For the year ended 31 December 2019

1. The Company

Third Point Offshore 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 Class N, Series 9 and Class E, Series 55 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'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.

The Audited Financial Statements of the Master Fund and the Audited Financial Statements of the Master Partnership, should be read alongside the Company's Audited Annual Report and Audited Financial Statements.

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.

The Company's annual management fee was reduced to 1.25 per cent (from 2 per cent) effective 1 January 2019 following a transfer of substantially all of its holdings into a new share class in the Master Fund and to reflect the Company's size and longevity as an investor in the Master Fund. In the year ended 31 December 2019, the Company paid to the Investment Manager at the level of the Master Partnership a fixed management fee of 1.25 percent 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

2. Organisation (continued)

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$15,376,422 (31 December 2018: US$430,284) of incentive fees for the year ended 31 December 2019.

3. Significant Accounting Policies

Basis of Presentation

These Audited Financial Statements have been 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.

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

Cash in the Statements of Assets and Liabilities and for the Statement of Cash Flows 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 31 December 2019. 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 31 December 2019.

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. For further information refer to the Master Partnership's Audited Financial Statements.

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 Audited Financial Statements. The net asset value of the Company's investment in the Master Fund reflects its fair value. At 31 December 2019, the Company's US Dollar shares represented 13.56% (31 December 2018: 13.30%) 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 201-07") , 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.

Notes to the Audited Financial Statements continued

For the year ended 31 December 2019

3. Significant Accounting Policies (continued)

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 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 Audited 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 audited 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 Audited Financial Statements.

After making reasonable inquiries and assessing all data relating to the Master Partnership's liquidity, particularly its holding of significant liquid Level 1 assets, the Board of Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat, from COVID-19 or other issues, to the going concern status of the Company. For these reasons, they have adopted the going concern basis in preparing the 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 apply for the first time in 2019 have been assessed and do not have an impact on the audited 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.

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

4. Material Agreements (continued)

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 year amounted to US$161,297 (31 December 2018: US$166,306) with US$43,215 outstanding (31 December 2018: US$41,974).

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 year is outlined in the Statement of Operations on page 37 and amounted to US$85,371 (31 December 2018: US$96,687). As at 31 December 2019 expenses accrued by the Company on behalf of VoteCo amounted to US$8,041 (31 December 2018: US$19,855).

5. Directors' Fees

For the year ended 31 December 2019, the Chairman was entitled to a fee of £63,000 per annum. All other independent Directors were entitled to receive £38,000 per annum with the exception of Mr. Legge who received £46,000 per annum as the audit committee chairman. Mr. Targoff waived his fees.

With effect from 1 January 2020, the Directors' fees have been amended. The Chairman is now entitled to a fee of £68,000 per annum. All other independent Directors are entitled to receive £40,000 per annum with the exception of Mr. Legge who receives £50,000 per annum as the audit committee chairman.

The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Director. The Directors' fees during the year amounted to US$270,396 (31 December 2018: US$241,529) with US$nil outstanding (31 December 2018: US$nil).

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
Number of Ordinary Shares	
Shares issued 1 January 2019	47,186,130
Shares Cancelled	
Total shares cancelled during the year	(7,717,831)
Shares in issue at end of year	**39,468,299**

Notes to the Audited Financial Statements continued

For the year ended 31 December 2019

6. Stated Capital (continued)

	US Dollar Shares US$
Stated Capital Account	
Stated capital account at 1 January 2019	371,703,326
Shares Cancelled	
Total share value cancelled during the year	(116,071,856)
Stated Capital account at end of year	**255,631,470**
Retained earnings	**578,933,335**

	US Dollar Shares
Number of Ordinary B Shares	
Shares in issue as at 1 January 2019	31,457,421
Shares Cancelled	
Total shares cancelled during the year	(5,145,222)
Shares in issue at end of year	**26,312,199**

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.

Repurchase of Shares and Discount Control

The Directors of the Company were granted authority to purchase in the market up to 14.99 percent of the Shares in issue at the Annual General Meeting on 3 July 2019, and they intend to seek annual renewal of this authority from Shareholders. The Directors have utilised this share repurchase authority by introducing a new mechanism that will hopefully enhance future capital growth. Pursuant to the Director's share 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.

As at 31 December 2018, the Master Partnership held 3,379,753 shares of the Company. On 3 July 2019, the Company announced the cancellation of these shares, for the benefit of the Company.

6. Stated Capital (continued)

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 31 December 2019, the Master Partnership held 225,000 shares of the Company – these shares were subsequently cancelled in January 2020.

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 31 December 2019 other investment funds owned by or affiliated with the Investment Manager owned 5,630,444 (31 December 2018: 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

As of January 1, 2019, the Company transferred substantially all of its holding into a newly-created share class of the Master Fund. The new share class is subject to a 25% quarterly redemption gate. The Company plans to redeem an appropriate amount each quarter to account for Company fees and expenses. The new share class attracts a lower management fee and the Company also qualifies for an additional reduction of management fee applicable to it based on its size and longevity as an investor in the Master Fund. As a result, the Company's management fee has been reduced from 2.0% to 1.25% per annum.

For the year 1 January 2019 to 31 December 2019, 4,338,078 shares have been repurchased and cancelled at an average cost per share of $14.72.

Steve Bates was appointed as Chairman on 5 February 2019.

Rupert Dorey was appointed as a Director on 5 February 2019.

On 30 April 2019, the Board announced the appointment of Numis Securities Limited as Corporate Broker to the Company.

On 3 July 2019, the Board of Directors announced the cancellation of all remaining 3,379,753 Shares currently held by the Master Fund for the benefit of the Company. The cancellation is in accordance with the Repurchase Policy announced on 2 May 2018.

Huw Evans was appointed as a Director on 21 August 2019.

Notes to the Audited Financial Statements continued

For the year ended 31 December 2019

11. Financial Highlights

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

	US Dollar Shares 31 December 2019 US$
Per Share Operating Performance	
Net Asset Value beginning of the year	**17.24**
Income from Operations	
Net realised and unrealised gain from investment transactions allocated from Master Fund	3.09
Net loss	(0.03)
Total Return from Operations	**3.06**
Share buyback accretion	0.30
Share redemption accretion	0.55
Net Asset Value, end of the year	**21.15**
Total return before incentive fee allocated from Master Fund	**24.32%**
Incentive allocation from Master Fund	(1.64%)
Total return after incentive fee allocated from Master Fund	**22.68%**

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2019 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 31 December 2018 US$
Per Share Operating Performance	
Net Asset Value beginning of the year	**20.25**
Income from Operations	
Net realised and unrealised loss from investment transactions allocated from Master Fund	(2.38)
Net loss	(0.05)
Total Return from Operations	**(2.43)**
Share redemption accretion	0.19
Share buyback accretion	0.04
Distribution Paid	(0.81)
Net Asset Value, end of the year	**17.24**
Total return before incentive fee allocation from Master Fund	**(10.82%)**
Incentive allocation from Master Fund	(0.04%)
Total return after incentive fee allocation from Master Fund	**(10.86%)**

11. Financial Highlights (continued)

Total return from operations reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per Ordinary Share during the year ended 31 December 2018 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 31 December 2019 US$
Supplemental data	
Net Asset Value, end of the year	**834,564,805**
Average Net Asset Value, for the year[1]	**841,992,220**
Ratio to average net assets	
Operating expenses[2]	(2.79%)
Incentive fee allocated from Master Fund	(1.83%)
Total operating expense after incentive fee allocation[2]	(4.62%)
Net loss	**(1.40%)**

	US Dollar Shares 31 December 2018 US$
Supplemental data	
Net Asset Value, end of the year	**813,636,027**
Average Net Asset Value, for the year[1]	**920,184,764**
Ratio to average net assets	
Operating expenses[2]	(3.30%)
Incentive fee allocated from Master Fund	(0.03%)
Total operating expense after incentive fee allocation[2]	(3.33%)
Net loss	**(0.73%)**

[1] Average Net Asset Value for the year is calculated based on published monthly estimates of NAV.
[2] Operating expenses are Company expenses together with operating expenses allocated from the Master Fund.

12. Ongoing Charge Calculation

Ongoing charges for the year ended 31 December 2019 and 31 December 2018 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 year ended 31 December 2019 and 31 December 2018 excluding performance fees and including performance fees are based on Company expenses and allocated Master Fund expenses outlined below.

(excluding performance fees)	**30 December 2019**	**31 December 2018**
US Dollar Shares	1.87%	2.82%
Sterling Shares*	N/A	1.86%

Notes to the Audited Financial Statements continued

For the year ended 31 December 2019

12. Ongoing Charge Calculation (continued)

(including performance fees)	30 December 2019	31 December 2018
US Dollar Shares	3.70%	2.87%
Sterling Shares*	N/A	2.08%

** All Sterling shares were compulsorily converted to the US Dollar class as of 1 July 2018.*

13. Subsequent Events

On 8 January 2020, the Master Partnership' holding of 225,000 shares of the Company was cancelled.

For the period 1 January 2020 to 27 April 2020, 871,231 shares have been repurchased (of which 705,000 have been cancelled) at an average cost per share of $15.83.

As a result of the COVID-19 impact on businesses, the Board believes it is a significant risk to the Company mitigated by the following points:

- Business Operations — The Board has established business continuity plans and has inquired and is satisfied that service providers have a process in place to continue to provide required service to the company and maintain compliance with laws and regulations in the face of the challenges faced as a result of COVID-19.

- Liquidity Risk — the Company's main source of cash is via redemptions from the Master Fund. As of December 31, 2019, over 70% of the Master Fund's 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 is yet to see any significant redemptions which would cause the Directors concern regarding gating.

- Performance — Gains from early 2020 have been reversed during the virus outbreak but the Board has positioned itself more defensively by reducing exposures, among other things. As of April 22, 2020, the Master Fund net return is -13% for the year, as compared to the S&P return of - 13%. It is difficult to assess or quantify the future impact of COVID-19 but the Company will continue to actively monitor its exposure as the situation develops.

The Directors confirm that, up to the date of approval, which is 28 April 2020, through which these financial statements were available to be issued, there have been no events subsequent to the balance sheet date that require inclusion or additional disclosure other than those disclosed above.

Management and Administration

Directors

Steve Bates (Chairman)*[1]
PO Box 255, Trafalgar Court, Les Banques,
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Rupert Dorey*[1]
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Huw Evans*[2]
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Christopher Legge*
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Joshua L Targoff
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Claire Whittet*
PO Box 255, Trafalgar Court, Les Banques,
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** These Directors are independent.*
[1] Appointed 5 February 2019.
[2] Appointed 21 August 2019.

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United Kingdom.

Kepler Partners LLP
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United Kingdom.

Jefferies International Limited[4]
Vintners Place,
68 Upper Thames Street,
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United Kingdom.

[3] Appointed on 30 April 2019.
[4] Engagement terminated on 26 April 2019.