



ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS

# THIRD POINT INVESTORS LIMITED

(formerly Third Point Offshore Investors Limited)

For the year ended 31 December 2020

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# Chairman's Statement

Dear Shareholder,

If you had been told at the start of 2020 what would happen, it is unlikely that you would have forecast the market environment that unfolded during the year. It was a year of two halves, to use the cliché, the first an awkward adjustment to the reality of the pandemic, the second an old fashioned boom. During the first half, the Company's NAV fell 6.6%, marginally behind the MSCI World Index, having already mostly recovered from the major declines seen in the first quarter. The second half of the year was a barnstormer, with the Company's NAV rising by 32.5% (in USD terms), to give a NAV return for the year of 23.8%, comfortably ahead of both the MSCI World and the S&P 500, which rose 16.5% and 18.4% respectively.

The markets have benefited from the extraordinary monetary and fiscal stimulus pursued by governmental bodies across the world, and the scale of liquidity injection has not only stabilised the real economy in the face of lockdowns, but has also leaked to a considerable degree into the prices of financial assets. At the time of writing, the stimulus looks set to continue, with the new Biden administration agreeing new fiscal measures to help the economy out of the wreckage of the pandemic. Other countries look set to follow suit, even if in more muted form.

## Portfolio Drivers

As you will be aware, the Manager deploys capital into a range of different strategies and throughout the capital structures of individual companies. During the year, these contributed to returns across the piece. More details can be found in the Manager's report, which begins on page 31. At the end of the year, the net long position was around 90%, up sharply from the 65% level at the beginning of the year. On the equity side, positive contributions to return came from the activist book, the fundamental and event driven positions, while, unsurprisingly, hedges were a negative. On the credit side, there were significant positive contributions from both corporate and structured credit as market dislocations provided opportunities in areas which had been damaged by the pandemic. There was also a large contribution to the year's return of 3.6% from a private position, Upstart Holdings, which listed in the fourth quarter.

Holdings which detracted from return were mostly those which suffered from the trauma of the pandemic, such as a number of names in aerospace and travel, most of which have now been sold. Many of the activist positions did well, but Prudential PLC had a cost, despite implementing measures which the Manager believes will be value enhancing value to shareholders in the longer term.

There are three aspects to the portfolio which warrant particular mention.

The first is that the line between traditional listed and private equity holdings seems to be becoming more blurred. As listed companies trade at extraordinary valuations, the most effective way to gain access to disruptive technologies is to focus on the private market space in order to position investments to benefit from the uplift in valuation afforded by a listing. In order to do this, of course, a deep expertise in the sector is required, and we are fortunate that the Manager has an excellent long term record in this area and an existing portfolio of businesses which will emerge from the private market cocoon in due course. These holdings are expected to be important drivers of return in the years ahead.

The second is the emergence of Special Purpose Acquisition Companies (SPACs). These so-called blank cheque businesses run the gamut from the excellent to the fraudulent. The Manager's approach is to engage only with SPACs where they have a long-standing engagement with a sponsor who has proven success in a particular field. The area is a potential minefield, but navigating the traps can yield excellent results.

## Chairman's Statement continued

The last comment is not so much about drivers of return but about risk. The short squeezes in certain stocks coordinated on social media have highlighted the risks of certain types of shorting behaviour and the 'reflexivity' or feedback loops which can lead to shattering losses. The Manager's approach is to stay away from the crowd so as to keep the gross exposures down. The Company has not been directly affected by any of the high profile activity in this area.

### **Discount Management**

The Board announced in September 2019 a programme to buy back up to \$200 million worth of its stock over a three-year period in the hope of narrowing the discount. In the year to 31 December 2020, we repurchased 3.6 million shares with a value of approximately \$59 million, at a weighted average discount to NAV of 24.1%. This had the effect of accreting 51 cents per share to NAV.

In September 2020, on the first anniversary of the three year buyback programme, the Board felt that despite the use of the buyback as planned, the discount had not narrowed as much as hoped. As a result, we set about a review of the overall mechanism which involved consultation with a wide section of the shareholder base, and concluded that we needed to strengthen the discount control programme. There were many different views among the shareholders, ranging from those who would prefer immediate liquidity at NAV and at scale to those who wanted the discount addressed so that it no longer posed an additional investment risk.

The Board's position is that the Company offers long term value in the hands of shareholders and delivers a range of investment strategies which are not otherwise available to closed end fund investors in the UK market. It was therefore felt that a mechanism which aimed at eliminating the inhibitors which made the Company less attractive to investors was in the interests of shareholders as a whole, and put the Company on a strong long term footing.

The Board held long discussions with the Manager, which accepted the Board's position that the discount programme should be tightened. The Board considered a range of options and on 1st April announced a five point plan which we felt had a realistic chance of meeting these objectives.

In brief, these were:

- The introduction of a discount control mechanism that will set a long-term target discount level of no more than 7.5% and strategically continue its buy-back programme to move the discount towards this target;
- An implementation of two tender offers for 25% of NAV, at a discount of 2% to NAV, if in the six-month periods ending 31 March 2024 and 31 March 2027, the average discounts to NAV at which the Ordinary Shares have traded is more than 10% and 7.5%, respectively;
- Recognising the significant opportunity set in private markets and the Investment Manager's successful track record identifying innovative unlisted businesses, the company will elect to receive an increased allocation to venture capital and private equity investment opportunities in the Master Fund up to 20% of NAV;
- An intention to employ gearing using a revolving credit facility not exceeding 15% of NAV intended to facilitate an ability to increase exposure at times of increased opportunity; and
- In addition, the Board and the Investment Manager are exploring the creation of an exchange mechanism, pursuant to which qualified investors would be permitted to convert shares of the company for up to an aggregate of \$50 million of interests in the Master Fund. The creation of such facility is subject to regulatory and legal considerations and, ultimately, shareholder approval.

As a result of these changes, TPIL is likely to become an "offshore fund" for the purposes of the UK's offshore fund rules; approval from HMRC will be required for the purposes of TPIL being treated as a "reporting fund". It is not expected that becoming a "reporting fund" will have any material impact on shareholders.

By setting a discount target and reserving to itself the power to use buybacks as necessary to move towards the target, combined with the backstop of tenders should that policy fail, the Board hopes to reduce the risk of discount volatility which has made the Company unattractive to many investors. The other changes also aim to enhance the Company's long term attractiveness by focusing on areas of expertise which are hard to access through London listed closed ended structures. In addition, the Board and the Manager are also committed to an investor relations programme which aims to broaden the appeal of the Company's shares to a wider audience.

### **Portfolio Management**

From the point of view of portfolio management, the major development during the year was the assumption (or rather re-assumption) by Daniel Loeb of his role as sole Chief Investment Officer. This injected a degree of energy and purpose into the execution of investment strategy which bore fruit almost immediately, and led to the excellent returns seen in the back half of the year – a performance which has carried on into 2021. As a result of Dan's retaking the reins, a number of personnel changes across the Manager's business have deepened the research capability and improved the focus on return-seeking strategies. The Manager has an arsenal of capability across capital structures, deep expertise in activism (or constructivism) and a fully fledged venture capital team in Silicon Valley. Even with markets stretched as they are, the opportunity set is rich.

### **Outlook**

As discussed, fiscal and monetary stimulus is set to continue and the backdrop for markets remains positive. There is an old adage that bull markets don't die of old age but rather because liquidity conditions change. It is therefore necessary to observe the interest rate environment and the tolerance of central banks should inflation become more visible than it is today. Price shocks caused by supply disruption are hardly surprising in a crisis – the bigger issue will be whether the changes needed in supply chains and some rollback of globalisation entrench inflation in labour markets. None of this looks imminent, but nor is it impossible.

The following wind for capital markets remains intact, but it would be foolish to assume it will be here forever. The Manager has the skills and flexibility to navigate these risks.

For the first quarter of the Company's new fiscal year, assets rose by 11.5%, comfortably outpacing global benchmarks. Contributions came from both equity and credit positions, in particular from two equity holdings, one in the private portfolio, the other (Upstart Holdings) which went public during December 2020 and has since risen by 544.3%. These two investments illustrate the opportunity provided by this 'cross over' market, where excess returns can be generated by investing in private companies in late stage financing rounds ahead of listing. Unsurprisingly, in a strong market, the main detractors were short positions and some of the hedges used to control net exposure. In general, and despite market volatility, this is a very encouraging start to the year.

**Steve Bates**

22 April 2021



# Strategic Report

The Directors submit their Annual Report, together with the Company's Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets, Statement of Cash Flows and the related notes for the year ended 31 December 2020 ("Audited Financial Statements"). These Audited Financial Statements have been properly prepared, in accordance with applicable Guernsey law and accounting principles generally accepted in the United States of America, and are in agreement with the accounting records.

## The Company

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

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

At the AGM on 1 July 2020, the Company's name was changed from Third Point Offshore Investors Limited to Third Point Investors Limited.

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, risk, and beta, among other factors. The resulting portfolio expresses the Investment Manager's best ideas for generating alpha and its tolerance for risk given global market conditions. The Investment Manager is opportunistic and often seeks a catalyst that

**Investment Objective and Policy (continued)**

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.

The Company has substantially all of its holding in the Master Fund in share class N. This share class attracts a management fee of 1.50% and the Company 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 pays a management fee of 1.25% per annum in share class N.

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

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 Statement of Operations. As announced on 1 March 2018, the Board, after consultation with major Shareholders, resolved that the Company would stop paying dividends.

As an alternative means of capital return, on 26 September 2019, the Board announced the implementation of a share buyback programme worth \$200 million, with share purchases being made through the market at prices below the prevailing NAV per share. The scale of the buyback is an attempt to demonstrate to the shareholders of the Company and to the market, that the Company is serious about reducing the discount and the Company's returns will be bolstered by the accretion to NAV from buybacks. In the year to 31 December 2020, the total number of shares which had been bought back was 3,611,518, with an approximate value of \$59 million. The average discount at which purchases were made was 24.1%. The buybacks effected during the financial year led to an accretion to NAV per share of 51 cents.

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

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

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

**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 2023. 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.

# Strategic Report continued

## Viability Statement (continued)

The Company invests all of its capital (net of short-term working capital requirements) in Class E and N shares of the Master Fund.

The Company has substantially all of its holding in the Master Fund in share Class N. The Class N share class is subject to a 25% quarterly investor level redemption gate and the Company is able to redeem an appropriate number of shares in the Master Fund to meet Company fees and expenses.

The Company's performance and operations 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 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.

In its assessment of the viability of the Company, the Directors have carried out a robust assessment of the principal risks facing the Company as set out in the Directors' Report, and believe that the Company is well placed to manage these risks, having taken into account the current economic outlook.

The Directors, having considered the 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 2023.

## Section 172 Statement

Section 172 of the Companies Act 2006 ("UK Companies Act") applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in section 172 are reported on by all London listed investment companies, irrespective of domicile, provided that this does not conflict with local company law.

Section 172 states that: A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following six items:

(a) the likely consequences of any decision in the long term,	In managing the Company, the aim of the Board and the Investment Manager is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In managing the Company during the year under review, the Board acted in the way which it considered, in good faith, would be most likely to promote the Company's long-term sustainable success and to achieve its wider objectives for the benefit of Shareholders as a whole, having had regard to the Company's wider stakeholders and the other matters set out in section 172 of the UK Companies Act.
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**Section 172 Statement (continued)**

(b) the interests of the company's employees,	The Company does not have any employees.
(c) the need to foster the company's business relationships with suppliers, customers and others,	The Board's approach is described under "Stakeholders" below.
(d) the impact of the company's operations on the community and the environment,	The Board's approach is described under "Environmental, Social and Corporate Governance" below.
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and	The Board's approach is described under "Culture and Values" below.
(f) the need to act fairly as between members of the company.	The Board's approach is described under "Stakeholders" below.

*Culture and Values*

The Directors' overarching duty is to promote the success of the Company for the benefit of investors, with due consideration of other stakeholders' interests. The Company's approach to investment is explained in the Investment Manager's Report. The Board applies various policies and practices to ensure that the Board's culture is in line with the Company's purpose, values and strategy. The Directors aim to achieve a supportive business culture combined with constructive challenge.

The Company has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, bribery (including the acceptance of gifts and hospitality), tax evasion, conflicts of interest, and dealings in the Company's shares. The Board assesses and monitors compliance with these policies regularly through Board meetings and the annual evaluation process. The Board seeks to appoint the most appropriate service providers for the Company's needs and evaluates the services on a regular basis. The Board considers the culture of the Investment Manager and other service providers through regular reporting and by receiving regular presentations as well as through ad hoc interaction.

The Board also seeks to control the Company's costs, thereby enhancing performance and returns for the Company's Shareholders. The Directors consider the impact on the community and environment. The Board and Investment Manager work closely together in developing and monitoring the Company's approach to Environmental, Social and Corporate Governance matters.

# Strategic Report continued

## Section 172 Statement (continued)

### Stakeholders

The Company is an externally managed investment company whose activities are all outsourced. It does not have any employees. The Board has identified its key stakeholders, and how the Company engages with them, in the table below:

Stakeholder	Key Considerations	Engagement
Shareholders	<p>As an investment company, Third Point Investors Limited' Shareholders are, in effect, both its owners and its customers, obtaining investment returns from the Company. A well-informed and supportive Shareholder base is crucial to the long-term sustainability of the Company. Understanding the views and priorities of Shareholders is, therefore, fundamental to retaining their continued support.</p> <p>In considering Shareholders, the Board's key considerations are:</p> <ul style="list-style-type: none"> <li>• Overall investment returns;</li> <li>• Controlling the discount at which shares trade to net asset value; and</li> <li>• Control of costs.</li> </ul>	<p>A detailed explanation of the Company's approach is set out under Relations With Shareholders.</p> <p>The Board receives regular reports from the Investment Manager and also independent reports from the Corporate Broker on relations with, and any views expressed by, Shareholders.</p>
Investment Manager	<p>Management of the Company's investment is delegated to the Investment Manager. Investment performance is crucial to the long-term success of the Company.</p>	<p>The Board engages in regular, open and detailed communication with the Investment Manager. It reviews in detail the overall performance of the Company and its underlying investment. The relationship with and performance of the Investment Manager is monitored and reviewed by the Management Engagement Committee.</p>

**Section 172 Statement (continued)**

Stakeholder	Key Considerations	Engagement
		In setting investment management fees, the Board seeks to achieve an appropriate balance between value for money and an incentive to retain a strong and capable portfolio management team along with supporting staff and infrastructure.
Administrator & Corporate Secretary and other key service providers.	<p>The Administrator and Corporate Secretary are key to the effective running of the Company.</p> <p>The Company has a number of other key service providers, each of which provides an important service to the Company and ultimately to its Shareholders.</p>	<p>The Administrator and Corporate Secretary attend all Board meetings.</p> <p>The Management Engagement Committee undertakes an annual review of the key service providers, encompassing performance, level of service and cost. Each provider is an established business and each is required to have in place suitable policies to ensure they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practices.</p> <p>All bills and expense claims from suppliers are paid in full, on time and in compliance with the relevant contracts.</p>

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

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

# Strategic Report continued

## Environmental initiatives

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

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

## Social Initiatives

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

Through the "Third Point Gives" 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. Each of Third Point's fund structures has an independent Board or Unaffiliated Consultation Committee. Four of the five members of the Board of the Company are independent of the Manager.

## COVID-19

The COVID-19 pandemic has had a limited effect on the ability of the Manager and of other service providers to continue to provide services in a timely and effective manner. Business continuity plans were implemented by the Company's service providers from March 2020 and have been found to be robust.

## Going Concern

After making enquiries and given the nature of the Company and its investment, the Directors confirm their belief that the Company will remain a going concern for the period to 30 June 2022. The Master Fund Shares are liquid and can be converted to cash to meet liabilities as they fall due. Although these shares are subject to a 25% quarterly investor level redemption gate the Board considers this to be sufficient for normal requirements. After due consideration, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Audited Financial Statements.

Signed on behalf of the Board by:

**Steve Bates**  
Chairman

**Huw Evans**  
Director

22 April 2021

# Directors' Report

## Directors

The Directors of the Company during the year and to the date of this report are as listed on page 12 of this Annual Report.

## Directors' Interests

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

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

Steve & Sarah Bates held 6,123 shares as at 31 December 2020.

Rupert & Rosemary Dorey held 25,000 shares between them as at 31 December 2020.

Claire Whittet and her husband Martin Whittet, held 2,500 shares as at 31 December 2020 through their joint Retirement Annuity Trust Scheme (RATS).

Huw Evans held 5,000 shares as at 31 December 2020.

## Corporate Governance

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

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 Board has established Nomination, Remuneration and Management Engagement Committees in compliance with the AIC Code.



## Directors' Report continued

### Corporate Governance (continued)

The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Board, through the Management Engagement Committee ("MEC"), has satisfied itself that the Company's service providers have appropriate whistleblowing policies and procedures and confirmation has been sought from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board. Furthermore, the MEC, on an annual basis, ensures that service providers have appropriate anti money laundering, disaster recovery and risk monitoring policies in place. During the year, the Chair of the MEC wrote to all service providers requesting details of how robust were their Business Continuity Plans under Covid-19, the effects on their working practices and their longer term plans. Having carried out this review, it was concluded that there are no concerns relating to service providers.

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

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

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

### Board Structure

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

Name	Position	Independent	Date Appointed
Steve Bates	Non-Executive Chairman	Yes	5 February 2019
Rupert Dorey	Non-Executive Director	Yes	5 February 2019
Huw Evans	Non-Executive Director	Yes	21 August 2019
Christopher Legge <sup>1</sup>	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

<sup>1</sup> Mr. Legge retired at the AGM on 1 July 2020.

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

The Board meets at least four times a year and in addition there is regular contact between the Board, the Investment Manager and Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator" and "Corporate Secretary"). The Board requires to be supplied in a timely manner with information by the Investment Manager, the Administrator, and the Corporate Secretary and other advisors in a form and of a quality appropriate to enable it to discharge its duties. The Board, excluding Mr. Targoff, regularly reviews the performance of the Investment Manager and the Master

**Board Structure (continued)**

Fund to ensure that performance is satisfactory and in accordance with the terms and conditions of the relative appointments and Prospectus. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointment with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's Shareholders.

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

**Board Tenure and Succession Planning**

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

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

The Directors undertake an annual evaluation of the Board's performance. In the current year the Board commissioned an external evaluation of its performance which was carried out by Lintstock Limited in February 2021. Lintstock did not raise any issues of significance. As part of the 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.

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

**Directors' Biographies****Steve Bates**

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

**Rupert Dorey**

Mr. Dorey has over 35 years of experience in financial markets. Mr. Dorey was at CSFB for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all

## Directors' Report continued

### **Rupert Dorey (continued)**

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.

### **Joshua L. Targoff**

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

### **Claire Whittet**

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

### **Cross Directorships**

Mrs. Whittet and Mr. Legge (who retired at the AGM on 1 July 2020) are also 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 have created any conflict or have affected the independence of the respective Directors.

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

## Meeting Attendance Records

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

Name	Scheduled Board Meetings Attended (max 4)	Audit Committee Meetings Attended (max 4)
Steve Bates <sup>1</sup>	4 of 4	n/a
Rupert Dorey	4 of 4	4 of 4
Huw Evans	4 of 4	4 of 4
Christopher Legge <sup>2</sup>	1 of 1	1 of 1
Joshua L Targoff <sup>1,3</sup>	4 of 4	n/a
Claire Whittet	4 of 4	4 of 4

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

<sup>2</sup> Mr. Legge retired at the AGM on 1 July 2020.

<sup>3</sup> Mr. Targoff does not attend Meetings as a Director where recommendations from the Investment Manager are under consideration.

## Committees of the Board

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

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

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

The Investment Manager has wide experience in managing and administering fund vehicles and has access to extensive investment management resources. The Board considers that the continued appointment of the Investment Manager on the terms agreed 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. Its functions include monitoring the Company's internal control and risk management systems, oversight of the relationship with the External Auditor, including consideration of the appointment, independence, effectiveness of the audit, and remuneration of the auditors, and to review and recommend the Annual Report and audited financial statements to the Board of Directors.

## Directors' Report continued

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

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

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

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

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



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

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

- Investment advisory services are provided by the Investment Manager. The Board is responsible for setting the overall investment policy, ensuring compliance with the Company's Investment Strategy and monitoring the action of the Investment Manager and Master Fund at regular Board meetings. The Board has also delegated administration and company secretarial services to NT; however, it retains accountability for all functions it has delegated.
- The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an on-going basis. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all local and international laws and regulations are upheld. Particular attention has been given to the effectiveness of controls to monitor liquidity risk, asset values, counterparty exposure and credit availability.
- The Board clearly defines the duties and responsibilities of its agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors.
- The Investment Manager and NT maintain their own systems of internal control, on which they report to the Board. The Company, in common with other investment companies, does not have an internal audit function. The Audit Committee has considered the need for an internal audit function, but because of the internal control systems in place at the Investment Manager and NT, has decided it appropriate to place reliance on their systems and internal control procedures.
- The systems are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control.

**Board Performance**

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

**Management of Principal Risks and Uncertainties**

In considering the risks and uncertainties facing the Company, the Board reviews regularly a matrix which documents the principal and emerging risks including, in the current year, the impact of COVID-19.

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

## Directors' Report continued

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

The risk matrix document considers the following information:

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

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

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

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

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

- Discount to the NAV. The Board monitors the discount to the NAV and maintains regular contact with the Investment Manager. In addition, the Investment Manager, Corporate Broker and, when considered necessary, the Board of Directors, maintain regular contact with the significant Shareholders in the Company. The Board made updates in September 2019 to the Company's share repurchase programme whereby a programme was put in place to buy back up to \$200 million worth of its stock over a three-year period in the hope of narrowing the discount. On April 1 2021, the Board announced further measures relating to the discount control. Please refer to the 'Discount Management' section in the Chairman's statement on page 2 for further details;
- Underlying investment performance of the Master Fund. To mitigate this risk the Directors receive regular updates from the Investment Manager on the performance of the Master Fund. The Board reviews quarterly performance updates on the Master Fund and has access to the Investment Manager on any potential question raised;
- Shareholder relations. The Board monitors key shareholder reports provided by the Corporate Broker at each Board Meeting. The Manager prepares monthly updates on behalf of the Master Fund and maintains the Company website. The Board receives quarterly reports from the Corporate Broker and the Manager on the major shareholdings. Members of the Board, along with the Manager, keep in touch with the Corporate Broker and the market to identify significant actual or prospective changes

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

in the shareholder register. The Board has a policy of active engagement with shareholders and has appointed a consultant to focus on investor relations and more specifically to access prospective shareholders in the wealth management sector;

- **Concentration of the Investor Base.** The Directors receive quarterly investor reports from the Corporate Broker and there is regular communication between the Directors and the Corporate Broker to identify any significant changes in the Shareholder base;
- **Personnel (Underperformance or loss of key personnel).** The Company and service providers have appropriate personnel to meet their operational and control requirements and exposure to individuals is minimised. The key service providers are of a size and reputation that dependence on key individuals is low. The key risk for the Company is with the Manager, where Dan Loeb is the key decision maker. If at any time Mr. Loeb is no longer actively engaged in formulating the investment philosophy of the Investment Manager, whether by death, disability, ceasing to directly or indirectly control the Investment Manager, or otherwise (a "Key Person Event"), the Fund will promptly notify all Shareholders. Within 30 days following the Key Person Event, the Board, after consultation with the Investment Manager, will determine a date on which Shareholders may redeem their Shares as of a month end not earlier than 60 days, nor later than 120 days, following the Key Person Event.
- **Performance of the Investment Manager.** Through the Management Engagement Committee, the Directors review the performance of the Investment Manager on an annual basis and, prior to the imposition of COVID travel restrictions, Board representatives conducted annual visits to the Investment Manager, the most recent being in March 2020;
- **Failure of appointed service providers to the Company.** Through the Management Engagement Committee, the Directors conduct a formal review of each service provider annually in addition to receiving regular updates from each service provider and ensuring that there is ongoing communication between the Board and the various service providers to the Company;
- **Financial Risk.** The Board employs independent administrators to prepare the Financial Statements of the Company and meets with the independent auditors at least twice a year to discuss all financial matters including the appropriateness of the accounting policies;
- **Liquidity Risk.** Shares of the Master Fund may be redeemed quarterly on 60 days' prior written notice or at other times with the consent of the Master Fund's Board of Directors in order to pay Company expenses. The majority of the investments held by the Master Fund are held in Class N shares which invest in cash and securities the majority of which have quoted prices available in active markets/exchanges. The Class N shares have a 25% quarterly investor redemption gate; and
- **Cyber Security Risk.** The Company is exposed to risk arising from any cyber-attack on its service providers. The Company requests confirmation from its service providers that they have appropriate safeguards in place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area.

## Directors' Report continued

### COVID-19 assessment

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

- *Business Operations* — the Board has inquired, and is satisfied, that the Company's service providers have had robust processes in place in order to continue to provide the required level of services to the Company, and to maintain compliance with laws and regulations, in the face of the challenges arising as a result of COVID-19.
- *Liquidity Risk* — the Company's main source of cash is via redemptions from the Master Fund. As of December 31, 2020, 62% of the Master Partnership's gross assets were invested in liquid securities (defined as Level 1 positions) and cash and so it is well positioned to pay redemptions as needed. The governing documents of the Master Fund allow for a gate to permit only 20% of the Master Fund's Net Asset Value to be redeemed at each quarterly redemption date on a pro rata basis. To date, the Master Fund has not seen any significant redemptions which would cause the Directors of the Company concern regarding gating.
- *Performance* — Gains from early 2020 reversed during the virus outbreak but the Master Fund had a strong recovery during the second half of the year and generated returns of 20.5% for the year ended December 31, 2020.

### Significant Events During The Year

The COVID-19 pandemic had a very significant effect on capital markets in 2020 and the underlying volatility rose sharply. While the majority of the underlying Master Fund's assets remain highly liquid, market disruptions of the type engendered by the crisis have the potential to affect market liquidity. The employees of each of the Company's service providers have had to work remotely at various times and, although business continuity has been assured hitherto, there is a risk of potential disruption from this source.

At the AGM on 1 July 2020, the Company's name was changed from Third Point Offshore Investors Limited to Third Point Investors Limited. The updated memorandum of association and articles of incorporation were also adopted at the AGM.

In the year to 31 December 2020, 3.6 million shares were repurchased with a value of approximately \$59 million, at a weighted average discount to NAV of 24.1%. This had the effect of accreting 51 cents per share to NAV.

There were no other events outside the ordinary course of business which, in the opinion of the Directors, may have had an impact on the Audited Financial Statements for the year ended 31 December 2020.

### Significant Events After Year End

As at 31 December 2020, the Master Partnership held 272,656 shares of the Company – these shares were subsequently cancelled in January 2021.

On 1 April 2021, the Directors announced several changes aimed at enhancing the strength of the company following a detailed strategic review. Please refer to the Chairman's Statement on page 2 for full details.

The Directors confirm that, up to the date of approval, which is 22 April 2021, when these financial statements were available to be issued, there have been no other events subsequent to the balance sheet date that require inclusion or additional disclosure.

## 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 thirteenth Annual General Meeting was held on 1 July 2020 with all proposed resolutions being passed by the Shareholders.

## International Tax Reporting

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

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

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

## Criminal Finances Act 2017

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

The Board also keeps under review developments involving other social, environmental and regulatory matters, 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.

## Significant Shareholdings

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

	Total Shares Held	% Holdings in Class
<b>Significant Shareholders</b>		
Goldman Sachs Securities (Nominees) Limited	5,270,490	15.01%
Chase Nominees Limited	4,203,436	11.97%
Vidacos Nominees Limited	3,043,227	8.67%
BBHISL Nominees Limited	2,333,549	6.65%
Morstan Nominees Limited	2,110,080	6.01%
Aurora Nominees Limited	1,846,931	5.26%
Smith & Williamson Nominees Limited	1,763,393	5.02%



## Directors' Report continued

### **Significant Shareholdings (continued)**

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 Guidance 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

**Huw Evans**  
Director

22 April 2021

# Disclosure of Directorships in Public Listed Companies

The following summarises the Directors' directorships in public companies:

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

# Statement of Directors' Responsibilities in Respect of the 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 Guidance 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

**Huw Evans**  
Director  
22 April 2021

# 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 Board has appointed a Nomination and Remuneration Committee and the independent directors act as this committee. The Committee considers the composition of and recruitment to the Board, taking into account market practice, peer group statistics and the requirements of the role when determining remuneration levels of the Directors.

The 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.

At the time of the formation of the Company, the Articles of Association provided a cap on the fees earned by individual directors. These caps had not changed since the formation of the Company and, in some cases, constrained the ability of the Company to set individual fees at prevailing competitive market rates. For this reason, at the AGM on 1 July 2020, shareholders approved an overall fee cap of £500,000 for the directors as a whole.

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 were granted an additional £3,000 per annum from 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 2020 and 2019, were as follows:

	2020 £	2019 £
Steve Bates <sup>1</sup> (Chairman)	68,000	56,875
Rupert Dorey <sup>1</sup>	41,500	34,306
Keith Dorrian <sup>2</sup>	–	19,156
Huw Evans <sup>3</sup> (Audit Committee Chairman)	45,000	13,630
Christopher Legge <sup>4</sup>	25,000	46,000
Joshua L Targoff <sup>5</sup>	–	–
Claire Whittet	41,500	40,431
<b>Total</b>	<b>221,000</b>	<b>210,398</b>
USD equivalent	US\$284,125	US\$270,396

<sup>1</sup> Mr. Bates and Mr. Dorey were appointed as Directors on 5 February 2019.

<sup>2</sup> Mr. Dorrian retired at the AGM on 3 July 2019.

<sup>3</sup> Mr. Evans was appointed as a Director on 21 August 2019.

<sup>4</sup> Mr. Legge retired at the AGM on 1 July 2020.

<sup>5</sup> As a non-independent Director and as a Partner of the Investment Manager Joshua L Targoff waived his Directors' fee.

## Performance table

The table shown on page 31 details the share price returns over the year.

Signed on behalf of the Board by:

**Steve Bates**

Chairman

**Huw Evans**

Director

22 April 2021



# Report of the Audit Committee

On the following pages, we present the Audit Committee (the “Committee”) Report for the year ended 31 December 2020, 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 Huw Evans and its other members are Claire Whittet and Rupert Dorey. Christopher Legge was a member until he retired at the 2020 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	February 5, 2019	April 2022
Huw Evans	August 28, 2019	August 2022
Christopher Legge <sup>1</sup>	June 19, 2007	N/A
Claire Whittet	April 27, 2017	April 2023

<sup>1</sup> Mr. Legge retired at the AGM on 1 July 2020.

The Committee conducts formal meetings at least three times a year. The table on page 15 sets out the number of Committee meetings held during the year ended 31 December 2020 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 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;

# Report of the Audit Committee continued

## **Principal Duties (continued)**

- 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 & Young LLP during the year in respect of the interim review of the Company's condensed accounts to 30 June 2020. The Committee considers Ernst & Young LLP to be independent of the Company.

## **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 valuation of the Company's investment in the Master Fund. This 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 2020 is reasonable. The Financial Statements of the Master Fund for the year ended 31 December 2020 were audited by Ernst & Young LLP in the US who issued an unmodified audit opinion dated 18 March 2021.

### *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 arising.

**Evaluations or Assessments Made During the Year (continued)**

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 2020 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.

There were no adverse findings from this evaluation.

Under the Crown Dependency rules, ethical standards require the Board to consider the outsourcing of any non-audit services such as interim review, tax compliance, tax structuring, private letter rulings, accounting advice, quarterly reviews and disclosure on an annual basis.

The only non-audit service carried out during the year was the review of the Interim Report and Unaudited Condensed Interim Financial Statements as this is effectively an audit service and most appropriate for the external auditors to perform. The budget for both the annual audit and the interim review was pre-approved by the audit committee.

*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 2020 and 31 December 2019.

	2020 (£)	2019 (£)
	Total	Total
<b>Audit Services</b>	<b>55,355</b>	<b>50,355</b>
<b>Non-audit Services – interim review</b>	<b>33,100</b>	<b>32,100</b>

*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

# Report of the Audit Committee continued

## **Evaluations or Assessments Made During the Year (continued)**

fulfil its duties under its terms of reference. Representatives of the auditors, Investment Manager and the Administrator attend the Committee 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 28, 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.

Ernst & Young LLP has been the auditor of the Company since its incorporation in 2007 and the current audit partner is David Moore who has been in the role for three years. The updated Crown Dependencies' Audit Rules and Guidance became effective on 15 March 2020 and the Audit Committee intends to review the tenure of Ernst & Young LLP in this new light.

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.

## **Huw Evans**

Audit Committee Chairman

22 April 2021

# Investment Manager's Review

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

USD Class	31 December 2020	31 December 2019	% Return
Share Price	\$ 21.20	\$ 16.30	30.1%
Net asset value per share	\$ 26.18	\$ 21.15	23.8%
Premium/(discount)	(19.0%)	(22.9%)	

<sup>1</sup> For the period 1 January 2020 to 31 December 2020.

## Strategy Performance

For the twelve months ended 31 December 2020, the Third Point Investors Limited net asset value ("NAV") per share increased by 23.8%, while the corresponding share price increased by 30.1%. In addition to the Fund's strong performance, NAV appreciation was boosted by 51 cents per share in 2020 by the targeted share repurchase program instituted by the Board in 2019. The repurchase programme over the course of 2020 comprised 3.6 million shares with a value of approximately \$59 million.

In 2020, Third Point LLC (the "Investment Manager," "Manager," or "Firm") marked its 25th anniversary, a milestone which the Investment Manager attributes to its strategy of opportunistically shifting capital among sectors, asset classes, geographies and strategies according to the most compelling opportunity set given market dynamics and risk-reward. The events of 2020 demonstrated the strength in this approach as flexibility and decisiveness drove gains following a difficult Q1. The volatility brought on by the COVID-19 pandemic during the first quarter was an inflection point for a number of strategic shifts in the portfolio, all of which coalesced around established core competencies to set the stage for strong performance in the latter half of the year.

As correlations broke down amidst a time of historic volatility, the firm's equity effort focused on creating a more dynamic and diversified portfolio by increasing the volume of ideas, pursuing quality- versus value-oriented names. In an environment characterized by rapid technological innovation and sluggish growth, which has only been amplified by COVID-19, finding high-quality companies with great leadership and unique products in growing end-markets presents an important path to finding alpha. The Manager was able to find several of these investments at attractive entry points during the height of the pandemic in 2020, helping the fundamental and event equity book account for more than 60% of the Fund's gross year-to-date performance. Specific examples of top individual contributors in this category include Amazon and JD.com, both of which the Manager viewed as poised to consolidate their positions as COVID-19 accelerated the secular shift to e-commerce. While short positions in aggregate detracted from performance for the year, they provided valuable portfolio ballast in the throes of COVID-19. For the full year, long equity positions contributed 22.4% of gross return, while short equity positions detracted 7.1%, for a total of +15.3%.

Credit has been an important part of the Firm's investment strategy since inception, both as a less correlated return stream, and as a source of opportunity during times of stress. At the height of the pandemic, the Firm invested \$2.2 billion in structured and corporate credit securities, essentially doubling its exposure to credit. In corporate credit, the Manager monetized some of its positions in investment grade bonds purchased in Q1 as spreads tightened significantly, and performance was driven further later in the year by positions in secured debt in the airline and cruise sectors once optimism around reopening increased. The corporate credit portfolio generated a 36% return on assets for the full year and contributed 5.1% to the fund's gross 2020 return. In structured credit, the opportunity set shifted from purchasing dislocated CUSIP securities during the sharp de-risking in Q1 to

## Investment Manager's Review continued

### Strategy Performance (continued)

purchasing and syndicating loan pools in Q3 and Q4. Returns here were predicated on the Manager's view that in many areas, consumers were more resilient than markets were giving them credit for. The structured credit portfolio generated a 20% return on assets for the full year and contributed 4.3% to the fund's gross 2020 return.

Constructive engagement with companies continued to produce excellent returns in 2020 as the Firm combined deep sector knowledge with its corporate engagement tools. Disney, the Firm's top individual contributor for the year, was hurt by the pandemic's closing of theme parks and movie theatres. However, overlooked by markets, which punished the stock quickly as a COVID-19 loser, was the company's newly launched DTC content jewel, Disney +. The Investment Manager here inverted the traditional activist playbook by advocating for long-term investment in content at the expense of short-term shareholder return. Disney seemed to share many of Third Point's views as the company announced an aggressive content roadmap to attract more subscribers and position it as the only viable competitor to Netflix at a time when DTC content is accelerating exponentially. While Prudential PLC lagged the overall equity portfolio and the broader market in 2020, the company announced that it would separate its US business from its fast-growing Asia business in 2021, mirroring Third Point's strategic suggestions, and the Investment Manager and the firm quickly established a collaborative working relationship. Finally, at year-end, the Investment Manager announced a new position in Intel, the legendary semiconductor manufacturer, highlighting the company's issues with innovation and talent. Again, a productive dialogue was quickly established, and the Investment Manager expects the company to be an important driver of returns in coming years. Lastly, the Investment Manager exited several core activist positions – including in Campbell Soup, Nestle and Baxter – after those value-creation stories were largely complete.

Finally, at a time when the line between public and private companies has become increasingly blurred, contribution from private positions and negotiated transactions added substantial profits. While the common theme is leveraging the Manager's network, balance sheet, and value-add to source deals, some of these successes are the result of delayed gratification, while others are possible due to an ability to act with alacrity. In the former category, Upstart Holdings, one of the top year-to-date contributors, went public in Q4 more than five years after the Manager led the AI-driven lender's Series C funding round. In the latter category, the Firm's participation in a fintech-focused SPAC allowed it to lead a PIPE deal to take payment processing company Paysafe public, representing another substantial year-to-date contributor. Private positions collectively added 2.7% to gross return in 2020.

The firm added 10 new analysts in 2020, and made changes to the portfolio management process as Daniel Loeb resumed his role as sole Chief Investment Officer during the second quarter. The firm also augmented its risk management and investor relations functions with new hires during the year.

As of December 31, 2020, the top five single-issuer positions in the portfolio were Prudential PLC, Pacific Gas & Electric Co., The Walt Disney Co., Intel Corp., and Danaher Corp.

### Risk Outlook

The resilience of the US consumer has informed the Manager's optimism about a rapid economic recovery following widespread vaccine rollouts. Employment is still down from pre-pandemic levels, but jobs in sectors hard hit by COVID-19 should bounce back as vaccinations ramp up and consumers eagerly return to normal life. Monetary and fiscal policies remain important tailwinds: substantial additional stimulus is expected with Democratic control of the White House and Congress, and the Fed remains firmly on hold, keeping nominal rates fairly low by historical standards.

**Risk Outlook (continued)**

Against this favourable backdrop, inflation remains a chief concern. The Manager's base case is that it will remain subdued due to slack in the labour market, but warning signs are being monitored closely. Interest rates will help define how and what type of assets "work" at the margin going forward, as rising rates are not necessarily bad for equities but can drive sector and factor rotations.

In the meantime, the Firm is finding ways to merge an understanding of broader secular trends driving the market with an ability to identify or spark its own catalysts. These include continuing a focus on lifecycle investing to identify high-growth private companies; using its balance sheet, structuring capabilities, and domain expertise to partner with certain companies seeking to go public via a SPAC; sourcing and syndicating ABS transactions to add an uncorrelated source of alpha; and continued engagement with companies to drive long-term value.

<b>Portfolio Detail as at 31 December 2020<sup>1</sup></b>	<b>Long</b>	<b>Exposure Short</b>	<b>Net</b>
<b>Equity</b>			
Activism	24.8%	(6.7%)	18.1%
Fundamental & Event	99.8%	(15.2%)	84.6%
Portfolio Hedges <sup>2</sup>	0.0%	(12.3%)	(12.3%)
<b>Total Equity</b>	<b>124.6%</b>	<b>(34.2%)</b>	<b>90.4%</b>
<b>Credit</b>			
Corporate & Sovereign	11.2%	(0.5%)	10.7%
Structured	20.1%	(0.1%)	20.0%
<b>Total Credit</b>	<b>31.2%</b>	<b>(0.5%)</b>	<b>30.7%</b>
<b>Privates</b>	<b>7.7%</b>	<b>0.0%</b>	<b>7.7%</b>
<b>Other<sup>3</sup></b>	<b>1.3%</b>	<b>0.0%</b>	<b>1.3%</b>
<b>Total Portfolio</b>	<b>164.9%</b>	<b>(34.7%)</b>	<b>130.2%</b>
<b>Equity Portfolio Detail as at 31 December 2020</b>	<b>Long</b>	<b>Exposure Short</b>	<b>Net</b>
<b>Equity Sectors</b>			
Consumer Discretionary	15.7%	(1.7%)	14.0%
Consumer Staples	0.4%	(0.7%)	(0.3%)
Utilities	8.0%	(2.8%)	5.1%
Energy	1.5%	0.0%	1.5%
Financials	32.0%	(4.0%)	28.0%
Healthcare	9.7%	(0.5%)	9.2%
Industrials & Materials	14.0%	(3.6%)	10.3%
Enterprise Technology	16.6%	(4.0%)	12.5%
Media & Internet	27.0%	(4.6%)	22.4%
Portfolio Hedges <sup>2</sup>	0.0%	(12.3%)	(12.3%)
<b>Total</b>	<b>124.6%</b>	<b>(34.2%)</b>	<b>90.4%</b>

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



## Investment Manager's Review continued

### **Risk Outlook (continued)**

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

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

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

# Independent Auditor's Report

to the members of Third Point Investors Limited

## Opinion

We have audited the financial statements of Third Point Investors Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Assets and Liabilities, the Statement of Operations, the Statement of Changes in Net Assets, the Statement 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 the state of the Company's affairs as at 31 December 2020 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 going concern

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The audit engagement partner directed and supervised the audit procedures on going concern;
- We assessed the determination made by the Board of Directors of the Company and the Investment Manager that the Company is a going concern and hence the appropriateness of the financial statements to be prepared on a going concern basis;
- We obtained the going concern assessment prepared by the Investment Manager for the period up until 30 June 2022 and tested for arithmetical accuracy and reasonability;
- We independently assessed the appropriateness of the assumptions by reviewing historical forecasting accuracy; performing an evaluation of the levels of liquidity of the Company's investments in the Master Partnership (Third Point Offshore Master Fund L.P.) through the Master Fund (Third Point Offshore Fund, Ltd.) for future share buyback plans and ongoing operating expenses; and applied a stress test to understand the impact on liquidity of the Company as a whole;
- We assessed whether the liquidity of the Master Partnership at the year end, taking account of the level of redemptions, potential gating and its ability to meet periodic discretionary redemptions of its investors, cast significant doubt over the going concern status of the Company; and

# Independent Auditor's Report continued

## Conclusions relating to going concern (continued)

- We assessed the disclosures in the Annual Report and Financial Statements relating to going concern to ensure they were fair, balanced and understandable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern over a period from the date of approval of the Financial Statements up until 30 June 2022.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> <li>• Investment Valuation</li> <li>• Investment Existence and Ownership</li> </ul>
Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of the Company for the year ended 31 December 2020.</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall materiality of US\$18.8 million which represents 2% of net assets.</li> </ul>

## 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 for the Company. This enables us to form an opinion on the financial statements. We consider size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in business environment when assessing the level of work to be performed.

All audit work was performed directly by the audit engagement team. The audit was led from Guernsey, and the audit team included individuals from the Guernsey and New York offices of Ernst & Young and operated as an integrated audit team.

## 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
<p><b>Valuation of investments (US\$934m, PY comparative US\$831m)</b></p> <p>Refer to the Report of the Audit Committee (page 27 to 30); Accounting policies (pages 48 to 50).</p> <p>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 on valuation of any gating/suspension of redemptions by the investee fund.</p>	<p>Our response comprised of substantive audit testing of investment valuation, including:</p> <ul style="list-style-type: none"> <li>• Agreeing the valuation per share of the Company's investments in the investee fund to the NAV per share of the investee fund in the confirmation obtained from its independent Administrator;</li> <li>• 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 2020, which were approved on 18 March 2021; and</li> <li>• 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</li> </ul>	<p>We noted that a judgemental audit difference arose on an investment valuation in the underlying Master Partnership in which the Company is indirectly invested and this was reported to the Company's Audit Committee. The Company's share of this difference was substantially less than our Performance Materiality (and less than 10% of Materiality). The Board of the Master Partnership did not adjust for the difference in the Financial Statements of the Master Partnership and the Audit Committee of the Company decided not to adjust for it in the Financial Statements of the Company.</p> <p>There were no other matters identified that we wanted to bring to the attention of the Audit Committee.</p>
<p><b>Investment existence and ownership (US\$934m, PY comparative US\$831m)</b></p> <p>Refer to the Report of the Audit Committee (page 27 to 30);</p>	<p>Our response comprised the performance of substantive audit testing of investment existence and ownership including:</p> <ul style="list-style-type: none"> <li>• Obtaining a confirmation, as at 31 December 2020, of the Company's holdings in the</li> </ul>	<p>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.</p>

# Independent Auditor's Report continued

## Key audit matters (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting policies (pages 48 to 50).  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.	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 2020 and agreeing the details to the accounting records of the Company.	

## 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\$18.8 million (2019: US\$16.7 million), which is approximately 2% (2019: 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% (2019: 75%) of our planning materiality, namely US\$14.1 million (2019: US\$12.5 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\$0.9 million (2019: US\$0.8 million), which is set at 5% (2019: 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 34 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.

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.

**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.

**Corporate Governance Statement**

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 10;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 5 to 6;

# Independent Auditor's Report continued

## Corporate Governance Statement (continued)

- Directors' statement on fair, balanced and understandable set out on page 22;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 17 to 19;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 16 and 17; and
- The section describing the work of the audit committee set out on pages 27 to 30.

## Responsibilities of directors

As explained more fully in the 'Statement of Directors' responsibilities' set out on page 24, 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.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are:
  - Financial Conduct Authority ("FCA") Listing Rules
  - Disclosure Guidance and Transparency Rules ("DTR") of the FCA
  - The 2018 UK Corporate Governance Code
  - The 2019 AIC Code of Corporate Governance
  - The Companies (Guernsey) Law, 2008, as amended



**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (including Registered Collective Investment Schemes (RCIS) Rules 2018)
- We understood how the Company is complying with those frameworks by:
  - Discussing the processes and procedures used by the Directors, the Investment Manager, the Company Secretary and Administrator to ensure compliance with the relevant frameworks;
  - Reviewing internal reports that evidenced quarterly compliance testing; and
  - Inspecting any correspondence with regulators.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by undertaking the audit procedures set out in Key Audit Matter section above, and reading the Financial statements to check that the disclosures are consistent with the relevant regulatory requirements; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Making enquiries and gaining an understanding of how those charged with governance, the Investment Manager, the Company Secretary and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
  - Inspecting the relevant policies, processes and procedures to further our understanding;
  - Enquiring of the Company's nominated Compliance Officer;
  - Reviewing Board minutes and internal compliance reporting;
  - Inspecting correspondence with regulators; and
  - Obtaining relevant written representations from the Board of Directors.

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

22 April 2021

## Independent Auditor's Report continued

**Notes:**

1. The maintenance and integrity of Third Point 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.

# Statement of Assets and Liabilities

(Stated in United States Dollars)	As at 31 December 2020 US\$	As at 31 December 2019 US\$
<b>Assets</b>		
Investment in Third Point Offshore Fund Ltd at fair value (Cost: US\$336,169,626; 31 December 2019: US\$357,577,552)	934,270,592	830,922,171
Cash	38,891	110,693
Due from broker	11,764	11,729
Redemption receivable	5,923,042	3,827,500
Other assets	47,986	10,744
<b>Total assets</b>	<b>940,292,275</b>	<b>834,882,837</b>
<b>Liabilities</b>		
Accrued expenses and other liabilities	281,734	274,817
Administration fee payable (Note 4)	3,417	43,215
<b>Total liabilities</b>	<b>285,151</b>	<b>318,032</b>
<b>Net assets</b>	<b>940,007,124</b>	<b>834,564,805</b>
<b>Number of Ordinary Shares in issue (Note 6)</b>		
US Dollar Shares	35,904,437	39,468,299
<b>Net asset value per Ordinary Share (Notes 8 and 11)</b>		
US Dollar Shares	\$26.18	\$21.15
<b>Number of Ordinary B Shares in issue (Note 6)</b>		
US Dollar Shares	23,936,291	26,312,199

The financial statements on pages 43 to 56 were approved by the Board of Directors on 22 April 2021 and signed on its behalf by:

**Steve Bates**  
Chairman

**Huw Evans**  
Director

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

# Statement of Operations

	For the year ended 31 December 2020 US\$	For the year ended 31 December 2019 US\$
(Stated in United States Dollars)		
<b>Realised and unrealised gain from investment transactions allocated from Master Fund</b>		
Net realised gain from securities, derivative contracts and foreign currency translations	27,781,054	25,673,428
Net change in unrealised gain on securities, derivative contracts and foreign currency translations	159,909,252	123,526,644
Net loss from currencies allocated from Master Fund	(1,255,793)	(416,065)
<b>Total net realised and unrealised gain from investment transactions allocated from Master Fund</b>	<b>186,434,513</b>	<b>148,784,007</b>
<b>Net investment loss allocated from Master Fund</b>		
Interest income	20,720,175	16,489,506
Dividends, net of withholding taxes of US\$1,241,176; (31 December 2019: US\$2,553,961)	2,926,607	5,472,534
Other income	728,298	5,084,038
Incentive allocation (Note 2)	(29,008,609)	(15,376,422)
Stock borrow fees	(445,429)	(253,883)
Investment Management fee	(9,939,250)	(10,515,302)
Dividends on securities sold, not yet purchased	(2,625,250)	(4,406,067)
Interest expense	(2,228,533)	(3,102,730)
Other expenses	(2,613,256)	(3,790,010)
<b>Total net investment loss allocated from Master Fund</b>	<b>(22,485,247)</b>	<b>(10,398,336)</b>
<b>Company expenses</b>		
Administration fee (Note 4)	(155,789)	(161,297)
Directors' fees (Note 5)	(284,125)	(270,396)
Other fees	(939,799)	(867,973)
Expenses paid on behalf of Third Point Offshore Independent Voting Company Limited <sup>1</sup> (Note 4)	(101,931)	(85,371)
<b>Total Company expenses</b>	<b>(1,481,644)</b>	<b>(1,385,037)</b>
Net loss	(23,966,891)	(11,783,373)
<b>Net increase in net assets resulting from operations</b>	<b>162,467,622</b>	<b>137,000,634</b>

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

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

# Statement of Changes in Net Assets

	For the year ended 31 December 2020 US\$	For the year ended 31 December 2019 US\$
<b>(Stated in United States Dollars)</b>		
<b>Increase in net assets resulting from operations</b>		
Net realised gain from securities, commodities, derivative contracts and foreign currency translations allocated from Master Fund	27,781,054	25,673,428
Net change in unrealised gain on securities, derivative contracts and foreign currency translations allocated from Master Fund	159,909,252	123,526,644
Net loss from currencies allocated from Master Fund	(1,255,793)	(416,065)
Total net investment loss allocated from Master Fund	(22,485,247)	(10,398,336)
Total Company expenses	(1,481,644)	(1,385,037)
<b>Net increase in net assets resulting from operations</b>	<b>162,467,622</b>	<b>137,000,634</b>
<b>Increase in net assets resulting from capital share transactions</b>		
Share redemptions	(57,025,303)	(70,379,851)
Share buybacks	–	(45,692,005)
<b>Net assets at the beginning of the year</b>	<b>834,564,805</b>	<b>813,636,027</b>
<b>Net assets at the end of the year</b>	<b>940,007,124</b>	<b>834,564,805</b>

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

# Statement of Cash Flows

(Stated in United States Dollars)	For the year ended 31 December 2020 US\$	For the year ended 31 December 2019 US\$
<b>Cash flows from operating activities</b>		
Operating expenses	(970,124)	(843,392)
Directors' fees	(284,125)	(270,396)
Administration fee	(195,587)	(160,056)
Third Point Offshore Independent Voting Company Limited <sup>1</sup>	(101,931)	(85,371)
Redemption from Master Fund	1,479,965	47,043,934
<b>Cash (outflow)/inflow from operating activities</b>	<b>(71,802)</b>	<b>45,684,719</b>
<b>Cash flows from financing activities</b>		
Share buybacks	–	(45,692,005)
<b>Net decrease in cash</b>	<b>(71,802)</b>	<b>(7,286)</b>
<b>Cash at the beginning of the year</b>	<b>110,693</b>	<b>117,979</b>
<b>Cash at the end of the year</b>	<b>38,891</b>	<b>110,693</b>

<sup>1</sup> 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 2020 US\$	For the year ended 31 December 2019 US\$
<b>Supplemental disclosure of non-cash transactions from:</b>		
<b>Operating activities</b>		
Redemption of Company Shares from Master Fund	57,025,303	70,379,851
<b>Financing activities</b>		
Share redemptions	(57,025,303)	(70,379,851)

See accompanying notes and 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 December 31, 2020

## 1. The Company

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

## 2. Organisation

### Investment Objective and Policy

The Company's investment objective is to provide its Shareholders with consistent long term capital appreciation, utilising the investment skills of the Investment Manager, through investment of all of its capital (net of short-term working capital requirements) through a master-feeder structure in Class N, Series 9 and Class E, Series 65, Series 96 and Series 103 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 Financial Statements, and do not form part of them.

### Investment Manager

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

In the year ended 31 December 2020, the Company paid to the Investment Manager at the level of the Master Partnership a fixed management fee of 1.25 percent of NAV per annum and a general partner incentive allocation of 20 percent of the Master Fund's NAV growth ("Full Incentive Fee") invested in the Master Partnership, subject to certain conditions and related adjustments, by the Master Fund. If a particular series invested in the Master Fund depreciates during any fiscal year and during subsequent years there is a profit attributable to such series, the series must recover an amount equal to 2.5 times the amount of depreciation in the prior years before the Investment Manager is entitled to the Full Incentive Fee. Until this occurs, the series will be subject to a reduced incentive fee of 10%. The Company was allocated US\$29,008,609 (31 December 2019: US\$15,376,422) of incentive fees for the year ended 31 December 2020.



# Notes to the Audited Financial Statements continued

For the year ended December 31, 2020

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

### Due from broker

Due from broker includes cash balances held at the Company's clearing broker as of 31 December 2020. 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 2020.

**3. Significant Accounting Policies (continued)****Valuation of Investments**

The Company records its investment in the Master Fund at fair value. Fair values are generally determined utilising the net asset value ("NAV") provided by, or on behalf of, the underlying Investment Managers of each investment fund. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurement", fair value is defined as the price the Company would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security. The Company owns Class E and Class N shares of the Master Fund. During the year ended 31 December 2020, the Company recorded non-cash redemptions of \$59,110,844 (208,740 shares) for the cancellation of the Company shares related to the share buyback programme and redeemed \$1,490,000 (5,340 shares) to pay Company expenses. The following schedule details the share classes relevant to the Company's investment in the Master Fund at 31 December 2020.

	Shares Outstanding at 1 January 2020	Shares Transferred In	Shares Transferred Out	Shares Issued	Shares Redeemed	Shares Outstanding at 31 December 2020	Net Asset Value Per Share at 31 December 2020*	Net Asset Value at 31 December 2020
<b>Class N – 1.25, Series 9</b>	2,944,167	–	(222,536)	–	–	2,721,631	340.65	927,128,130
<b>Class E – 1.75, Series 55</b>	12,538	–	–	–	(12,538)	–	–	–
<b>Class E – 1.75, Series 65</b>	–	71,166	–	–	(71,136)	30	339.27	10,178
<b>Class E – 1.75, Series 86</b>	–	42,539	–	–	(42,539)	–	–	–
<b>Class E – 1.75, Series 96</b>	–	57,535	–	–	(51,023)	6,512	339.98	2,213,972
<b>Class E – 1.75, Series 103</b>	–	51,296	–	–	(36,844)	14,452	340.32	4,918,312
<b>Total</b>								934,270,592

\* Rounded to two decimal places.

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 2020, the Company's US Dollar shares represented 13.54% (31 December 2019: 13.56%) of the Master Fund's NAV.

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

**Uncertainty in Income Tax**

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

# Notes to the Audited Financial Statements continued

For the year ended December 31, 2020

## 3. Significant Accounting Policies (continued)

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

## Going Concern

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 confirm their belief that the Company will at a minimum, remain a going concern for the period to 30 June 2022 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 Audited 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 2020 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\$155,789 (31 December 2019: US\$161,297) with US\$3,417 outstanding (31 December 2019: US\$43,215).

#### 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 44 and amounted to US\$101,931 (31 December 2019: US\$85,371). As at 31 December 2020 expenses accrued by the Company on behalf of VoteCo amounted to US\$7,364 (31 December 2019: US\$8,041).

#### 5. Directors' Fees

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

For the year ended 31 December 2020, the Chairman is 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. Evans who receives £50,000 per annum as the audit committee chairman. Mr. Evans's increase in fee became effective from 1 July 2020 when he was appointed audit committee chairman, a position previously held by Mr. Legge who also received a fee of £50,000 per annum until his retirement at the AGM on 1 July 2020.

With effect from 1 July 2020, the chairperson of the Management Engagement Committee and the Nomination and Remuneration Committee received an additional £3,000 per annum as part of their directors' fees. As a result, the directors' fees for Ms. Whittet and Mr. Dorey have increased to £43,000 per annum.

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\$284,125 (31 December 2019: US\$270,396) with US\$nil outstanding (31 December 2019: US\$nil).

# Notes to the Audited Financial Statements continued

For the year ended December 31, 2020

## 6. Stated Capital

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

	US Dollar Shares
<b>Number of Ordinary Shares</b>	
Shares issued 1 January 2020	39,468,299
<b>Shares Cancelled</b>	
Total shares cancelled during the year	(3,563,862)
<b>Shares in issue at end of year</b>	<b>35,904,437</b>
	US Dollar Shares US\$
<b>Stated Capital Account</b>	
Stated capital account at 1 January 2020	255,631,470
<b>Shares Cancelled</b>	
Total share value cancelled during the year	(57,025,303)
<b>Stated Capital account at end of year</b>	<b>198,606,167</b>
<b>Retained earnings</b>	<b>741,400,957</b>
	US Dollar Shares
<b>Number of Ordinary B Shares</b>	
Shares in issue as at 1 January 2020	26,312,199
<b>Shares Cancelled</b>	
Total shares cancelled during the year	(2,375,908)
<b>Shares in issue at end of year</b>	<b>23,936,291</b>

### Voting Rights

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

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

## 6. Stated Capital (continued)

### Repurchase of Shares

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

On 26 September, 2019, it was announced that the Company, again through the Master Fund, will seek to buy back, at the Board's discretion and subject to the requirement to buy no more than 14.99% of its outstanding stocks between general meetings, up to \$200 million worth of stock over the subsequent three years. Any shares traded mid-month will be purchased and held by the Master Partnership until the Company is able to cancel the shares following each month-end. As at 31 December 2020, the Master Partnership held 272,656 shares of the Company – these shares were subsequently cancelled in January 2021.

### Further issue of Shares

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

## 7. Taxation

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

## 8. Calculation of Net Asset Value

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

## 9. Related Party Transactions

At 31 December 2020 other investment funds owned by or affiliated with the Investment Manager owned 5,630,444 (31 December 2019: 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

At the AGM on 1 July 2020, the Company's name was changed from Third Point Offshore Investors Limited to Third Point Investors Limited. The updated memorandum of association and articles of incorporation were also adopted at the AGM.

The COVID-19 pandemic has had a very significant 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 the majority of the Company's service providers have been working remotely. Although business continuity has been assured hitherto, there is a risk of potential disruption from this source. Please refer to the Covid-19 assessment on page 20 for further information.

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

# Notes to the Audited Financial Statements continued

For the year ended December 31, 2020

## 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 2020  
US\$

### Per Share Operating Performance

<b>Net Asset Value beginning of the year</b>	<b>21.15</b>
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### Income from Operations

Net realised and unrealised gain from investment transactions allocated from Master Fund	4.56
Net loss	(0.04)
<b>Total Return from Operations</b>	<b>4.52</b>
Share buyback accretion	0.51
<b>Net Asset Value, end of the year</b>	<b>26.18</b>
<b>Total return before incentive fee allocated from Master Fund</b>	<b>26.84%</b>
Incentive allocation from Master Fund (Note 2)	(3.06%)
<b>Total return after incentive fee allocated from Master Fund</b>	<b>23.78%</b>

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 2020 and is not annualised. An individual Shareholder's return may vary from these returns based on the timing of their purchases and sales of shares on the market.

US Dollar Shares  
31 December 2019  
US\$

### Per Share Operating Performance

<b>Net Asset Value beginning of the year</b>	<b>17.24</b>
--	--------------

### Income from Operations

Net realised and unrealised gain from investment transactions allocated from Master Fund	3.09
Net loss	(0.03)
<b>Total Return from Operations</b>	<b>3.06</b>
Share buyback accretion	0.30
Share redemption accretion	0.55
<b>Net Asset Value, end of the year</b>	<b>21.15</b>
<b>Total return before incentive fee allocated from Master Fund</b>	<b>24.32%</b>
Incentive allocation from Master Fund (Note 2)	(1.64%)
<b>Total return after incentive fee allocated from Master Fund</b>	<b>22.68%</b>



**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 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 2020 US\$
<b>Supplemental data</b>	
<b>Net Asset Value, end of the year</b>	<b>940,007,124</b>
<b>Average Net Asset Value, for the year<sup>1</sup></b>	<b>803,709,517</b>

**Ratio to average net assets**

Operating expenses <sup>2</sup>	(2.41%)
Incentive fee allocated from Master Fund	(3.61%)
Total operating expense <sup>2</sup>	(6.02%)
<b>Net loss</b>	<b>(2.98%)</b>

	US Dollar Shares 31 December 2019 US\$
<b>Supplemental data</b>	
<b>Net Asset Value, end of the year</b>	<b>834,564,805</b>
<b>Average Net Asset Value, for the year<sup>1</sup></b>	<b>841,992,220</b>

**Ratio to average net assets**

Operating expenses <sup>2</sup>	(2.79%)
Incentive fee allocated from Master Fund	(1.83%)
Total operating expense <sup>2</sup>	(4.62%)
<b>Net loss</b>	<b>(1.40%)</b>

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

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

# Notes to the Audited Financial Statements continued

For the year ended December 31, 2020

## 12. Ongoing Charge Calculation

Ongoing charges for the year ended 31 December 2020 and 31 December 2019 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 2020 and 31 December 2019 excluding performance fees and including performance fees are based on Company expenses and allocated Master Fund expenses outlined below.

<b>(excluding performance fees)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>US Dollar Shares</b>	1.75%	1.87%
<b>(including performance fees)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>US Dollar Shares</b>	5.36%	3.70%

## 13. Subsequent Events

As at 31 December 2020, the Master Partnership held 272,656 shares of the Company – these shares were subsequently cancelled in January 2021.

On 1 April 2021, the Directors announced several changes aimed at enhancing the strength of the company following a detailed strategic review in close partnership with the Investment Manager. Please refer to the Chairman's Statement on page 2 for full details.

# Management and Administration

## Directors

### Steve Bates (Chairman)\*

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

### Rupert Dorey\*

PO Box 255, Trafalgar Court, Les Banques,  
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### Huw Evans\*

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

## Investment Manager

Third Point LLC  
55 Hudson Yards,  
New York, NY 10001,  
United States of America.

## Auditors

Ernst & Young LLP  
PO Box 9, Royal Chambers  
St Julian's Avenue,  
St Peter Port, Guernsey,  
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## Legal Advisors (UK Law)

Herbert Smith Freehills LLP  
Exchange House, Primrose Street,  
London, EC2A 2HS,  
United Kingdom.

## Legal Advisors (US Law)

Cravath, Swaine & Moore, LLP  
825 Eighth Avenue, Worldwide Plaza,  
New York, NY 10019-7475,  
United States of America.

## Registrar and CREST Service Provider

Link Market Services (Guernsey) Limited  
(formerly Capita Registrars (Guernsey)  
Limited)  
Mont Crevelt House,  
Bulwer Avenue,  
St Sampson,  
Guernsey GY2 4LH.

## Registered Office

PO Box 255, Trafalgar Court, Les Banques,  
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### Joshua L Targoff

PO Box 255, Trafalgar Court, Les Banques,  
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### Claire Whittet\*

PO Box 255, Trafalgar Court, Les Banques,  
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Channel Islands, GY1 3QL.

*\* These Directors are independent.*

## Administrator and Secretary

Northern Trust International Fund  
Administration Services (Guernsey) Limited,  
PO Box 255, Trafalgar Court, Les Banques,  
St Peter Port, Guernsey,  
Channel Islands, GY1 3QL.

## Legal Advisors (Guernsey Law)

Mourant  
Royal Chambers, St Julian's Avenue,  
St Peter Port, Guernsey,  
Channel Islands, GY1 4HP.

## Receiving Agent

Link Market Services Limited  
The Registry,  
34 Beckenham Road,  
Beckenham, Kent BR3 4TU,  
United Kingdom.

## Corporate Broker

Numis Securities Limited  
The London Stock Exchange Building,  
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### Kepler Partners LLP

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