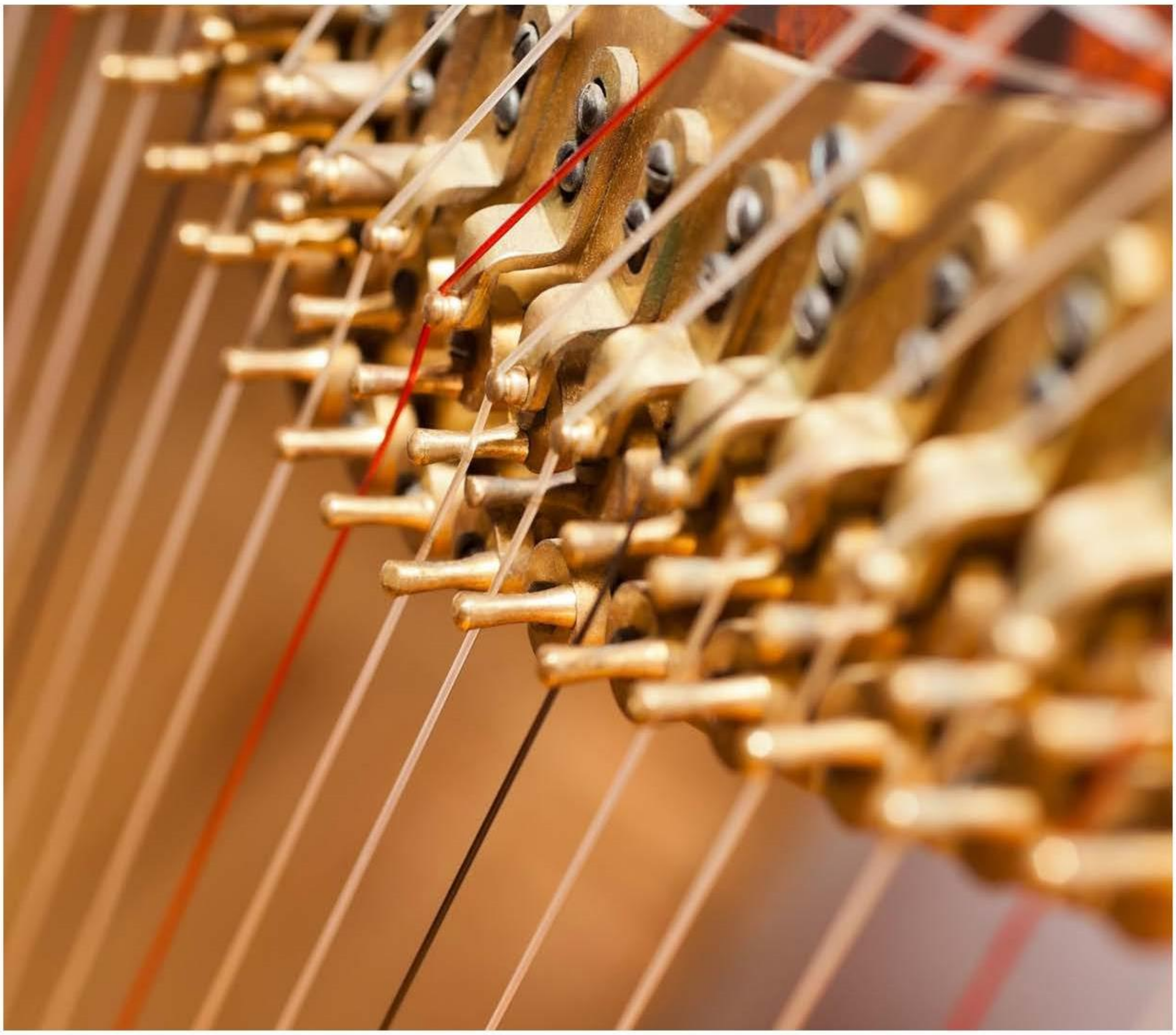
Highbridge Multi-Strategy Fund Limited

Financial Report for the year ended 31 December 2018



HIGHBRIDGE

J.P.Morgan Asset Management

Registered company number: 44704

Contents

Financial Results

Company Key Figures[1]

5.39% 2018 Sterling Share price decrease	**99.4%** Sterling AllBlue gross proceeds received (since inception)	**6.84%** Annualised Sterling NAV return (since inception[2])

Underlying Fund Key Figures[3]

0.9 Sharpe Ratio	**0.11** Beta to FTSE 100 [4]	**1/4** of the volatility of the FTSE 100 [4]
1.3% Outperformance vs HFRI Fund of Funds Diversified Index [5]	**0.04** Beta to Barclays Aggregate [6]	**0.14** Beta to S&P 500 [6]

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. There can be no assurance that the Fund's objectives will be realized or that the Fund will not experience losses. A glossary which explains the calculation of these statistics is provided at the end of this report on page 74.

1. Information is for the Company as at 31 December 2018.
2. This alternative performance measure ("**APM**") is provided for Shareholders information in addition to the financial statements starting on page 47. The date of inception is 1 June 2006. Shareholders should base their assessment of the financial performance of the Company on the information contained in the financial statements.
3. Information is for the 1992 Multi-Strategy Master Fund, L.P. managed by Highbridge Capital Management, LLC (the "**Underlying Fund**") for the period between 1 March 2016 and 31 December 2018.
4. Index Source: FTSE International Limited ("**FTSE**") © FTSE 2017. "FTSE ®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.
5. Index Source: Hedge Fund Research Inc.
6. Index Source : Bloomberg

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

CHAIRMAN'S STATEMENT

During the year to 31 December 2018, the Company's Net Asset Value ("**NAV**") per share has decreased from £2.1960 to £2.1518 (2.1%), whilst the total NAV has increased by £12.6 million (5.8%), predominantly as a result of just under 8.4 million shares being issued out of Treasury during 2018, to satisfy investor demand.

2018 has been a very difficult year for hedge funds. The asset class had its worst performance since the 2008 global financial crisis. Whilst the Company was not able to avoid a negative return in 2018, its NAV performance was significantly better than the HFRI Fund of Funds Diversified Index ("**HFRI**") and the FTSE 100 which lost 12.5%.

The Investment Manager made changes to the composition and allocation weightings of the Underlying Fund's portfolio during 2018. The aim of this realignment exercise was to ensure that the Company would benefit from the current market conditions, notably the elevated market volatility, which the Investment Manager believes will persist for the foreseeable future. This realignment has contributed to a very good start to the year, with an increase of NAV per share of approximately 3% for quarter 1.

AllBlue

As mentioned in my last report in the Interim Statements, the final outcome of the AllBlue situation still remains unclear. AllBlue was placed into liquidation in the summer of 2018, with two partners from Deloitte & Touche being appointed as joint liquidators (the "**Liquidators**"). We have been informed that the Liquidators are currently intending to make a distribution to Shareholders during the second quarter of 2019. However, it is clear that it will likely be quite some time before the liquidation process is completed, as the Liquidators believe there is potential for significant recoveries from legal claims that are being pursued on behalf of the AllBlue funds, and these legal cases are expected to take some time to settle. Of course there is no certainty that any of the legal claims will succeed.

The current estimated value of the AllBlue investments stands at approximately 0.5% of the Company's NAV. We look forward to hearing further from the Liquidators and finally having closure, but unfortunately we have no certainty on when that will be.

Discount Management

During the first eleven months of 2018, the Company's shares traded at a small premium of 0.2% on average, the best rating amongst the single manager listed hedge funds, but in December 2018 the share price declined to a discount level of approximately 3.8% and the Company's shares were trading at around this level at the end of the first quarter. The Board authorised the resumption of a share buyback programme in December 2018.

The total number of shares purchased under the programme since December 2018 amounts to 1.26 million shares, equating to circa £2.2 million.

Future Growth

Your Board expects the Company to be able to capitalise on increased market volatility and demonstrate that it is an all-weather strategic play that delivers attractive absolute returns regardless of market conditions. The Board is satisfied that the adjustments made to the portfolio of the Underlying Fund during 2018 will help drive performance during 2019. We believe that the current share price discount level represents a good entry point for investors and there are recent signs that some investors share our view.

Changes to the Board and Board Committees

Paul Meader retired from the Board on 31 December 2018 bringing the number of directors back to four. Paul has been an asset to the Company during his time on the Board and being one of the initial Directors his historic corporate knowledge has added real value over recent years. Paul Le Page joined the Board earlier in the year and assumed the position of Chairman of the Investment and Market Risk Committee (the "**Risk Committee**") and Senior Independent Director upon Paul Meader's retirement.

Paul Le Page has already demonstrated that his knowledge and experience are of value to the Board and I am confident he will make a significant contribution during his tenure as a Board member.

Steve Le Page took over from Paul Meader as Chairman of the Management and Remuneration Committee.

Looking Forward

I would like to take this opportunity to thank investors for your continued faith in the Company and for providing an enviably stable shareholder base. The relative NAV outperformance compared to the HFRI as above during the year supports our assessment that the Company has a competitive advantage in an environment of high market volatility and can provide stability to a portfolio of other investments, particularly during periods of turbulence. We are confident that your Company will deliver a steady performance during 2019 and are hopeful that once again we will be welcoming new investors in due course.

Vic Holmes
Chairman

12 April 2019

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

Overview of Markets and Performance

In 2018 the dramatic return of volatility permeated through markets as investors grappled with the shift from quantitative easing (QE) to quantitative tightening (QT). Evidence of the turbulent year was widespread: 2017 saw the S&P 500 (the "**S&P**") deliver a 22% return on 6% volatility with zero months of negative returns, while 2018 saw it deliver a return of -4.3% on 17% realized volatility. Additionally, 2018 marked the worst annual total return for the S&P since 2008 while realized S&P volatility was the highest on record since the 2011 European debt crisis. Asian markets were also weak, as the MSCI AC Asia dropped -11% in Q4, finishing down -13.7% in 2018. US high yield spreads widened substantially towards the end of the year.

For much of 2018, US revenues and margins exceeded expectations driven by strong company fundamentals. However, escalating US/China trade tensions, concerns surrounding ex-US global growth and deterioration of corporate outlooks negatively impacted global markets in Q4, in our view. In fact, fears were elevated enough over the possibility of the long- and short-end US rates converging in early December that debates were stoked about the potential for a US recession and sustained volatility for the future. The Federal Reserve's perceived lack of sensitivity to market stress and volatility did nothing to assuage these fears. The Federal Reserve's fourth rate hike of 2018 on December 21 nearly coincided with 2018 lows in risk assets. Ultimately, we believe a confluence of issues took their toll on security prices – a situation which was exacerbated by a backdrop of political chaos, particularly in the UK (Brexit), France ("**yellow vests**") and the US (government shutdown). According to Morgan Stanley, as hedge funds unwound exposures, momentum stocks were sold in one of the largest magnitudes of the past few years. As the market shifts toward QT, the tighter liquidity we anticipated proved to be central to 2018's increased volatility and negative performance of equity and credit spreads – especially into year-end.

For the full year, the Company delivered a -2.02% NAV return in GBP terms. Whilst disappointed to have delivered a negative return, we are pleased to have provided some degree of capital protection over the course of the full year in the face of challenging global market conditions. For the year, the Underlying Fund's fundamental equity strategies namely: Sector-Focused Long/Short Equity Strategies and Convergence Long/Short Equity - detracted the most from performance. The largest contributors to Underlying Fund performance were Equity Capital Markets and Merger Arbitrage, followed by Convertible Credit & Capital Structure Arbitrage.

2018 was a year-long effort to proactively realign a number of our investment strategies and significantly shift capital between investment teams in order to focus the Underlying Fund's risk to capitalize on the new market paradigm, which in our view should favour relative value strategies that can capture volatility through active trading. To implement this change, we eliminated several strategies that in our view contributed significant risk to the Underlying Fund without demonstrating a commensurate return, most notably the Sector-Focused Long/Short Equity strategies and Statistical Arbitrage. Importantly, in addition to these eliminations, new teams were hired and capital was added to strategies better suited to capture current market opportunities and leverage the Underlying Fund's investing strengths. Convergence Long/Short Equity was the most significant strategy addition.

Looking ahead, we think that markets are likely to remain volatile based on the heightened risks we see globally. We believe corporate earnings pose a greater threat now than this time last year and that political risks globally remain high. Another critical component to our view is how the Federal Reserve will react to macro data and leading indicators. While the US/China trade situation looks close to a positive resolution, we believe it remains a risk factor as there is still uncertainty as to how the negotiations evolve and how long the current tariffs remain in place. From an investment perspective, we strive to keep the Underlying Fund's market beta on the low end of target with the expectation that there will be ongoing bouts of volatility. In many cases, credit has underperformed its underlying equity, which can create dislocation opportunities for our Cross Asset Relative Value and Convertible Credit and Capital Structure Arbitrage strategies and we therefore have increased the weighting of both in our portfolio. Regardless of how the abundance of macro risks on the horizon plays out, it should create opportunities for our relative value strategies. We believe the decisive strategy shifts we made in 2018 enable the Underlying Fund to take more idiosyncratic risk while managing through periods of heightened volatility.

Strategy Review by Strategy Group

Performance Attribution[1]	
	2018
Equity Capital Markets	**0.65%**
Merger Arbitrage	**0.58%**
Convertible Credit & Cap Structure Arbitrage	**0.48%**
Convertible & Volatility Arbitrage	**0.36%**
Other[2]	**0.29%**
Cross Asset Relative Value	**0.10%**
Distressed Credit	**0.09%**
Event-Focused European L/S Equity	**0.02%**
Derivatives Relative Value	**-0.13%**
Statistical Arbitrage	**-0.34%**
Asia Arbitrage	**-0.41%**
Asia L/S Equity	0.03%
Asia Capital Structure	-0.44%
US Event L/S Equity	**-0.51%**
Fundamental Macro	**-0.53%**
Convergence L/S Equity	**-0.63%**
Sector-Focused L/S Equity Strategies	**-1.97%**
Total	**-1.94%**

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. There can be no assurance that the Fund's objectives will be realized or that the Fund will not experience losses.

1. As of December 31, 2018, 1992 Multi-Strategy Fund Corporation ("HMSF") performance and performance attribution is based on HMSF Class F Non-Restricted shares net of all fees and expenses. Performance attribution represents a capital-weighted contribution to the HMSF overall return for the period indicated net of all fees and expenses assigned to the strategy (does not represent a return on equity figure).
2. Other includes residual positions from discontinued strategies

- Fundamental Equities: 2018's market backdrop challenged our Sector Focused Long/Short Equity strategy. After materially reducing capital allocations to this strategy at the start of 2018, we ultimately fully unwound the strategy in Q4. Our decision to eliminate the allocation to the Sector Focused Long/Short Equity strategy was due to its insufficient return contribution relative to the volatility contribution of the strategy, both in terms of beta and factor exposure. However, we continue to have conviction in our other fundamental equity allocation – Convergence Long/Short Equity. Upon inception in October 2018, the strategy faced strong headwinds as global equity markets had their sharpest one month decline since May 2012. The strategy's growth-oriented exposures were hurt in October, but the team quickly shifted positioning to adapt to the new paradigm. Consequently, the strategy navigated well throughout the heightened volatility of November and December, and we believe it is well positioned to take advantage of current equity dislocations, which have created interesting opportunities for 2019.

- Event-Driven Equity: Event-driven strategies faced a more mixed 2018. Equity Capital Markets benefited from positive issuance dynamics along with attractive business combinations and beneficial post-deal activity in our Special Purpose Acquisition Company (SPAC) portfolio. Merger Arbitrage posted a solid performance despite a lack of large deals and a fairly concentrated book. Additionally, conservative positioning limited losses during the market turmoil of Q4 and allowed the strategy to capitalize on several unique opportunities. While Event-Focused European Long/Short Equity profited from short-leaning idiosyncratic positioning and well-timed macro hedges in Q4, the strategy was largely flat for 2018. US Event Long/Short Equity detracted.

- Capital Structure Arbitrage and Fundamental Credit: Convertible Credit & Capital Structure Arbitrage and Distressed Credit, allocations run by the same investment team, were both positive contributors to 2018 performance. After strong performance in the first three quarters of the year, both strategies saw pressure during the fourth quarter, largely driven by one negative idiosyncratic event and not broader credit market beta. Importantly, Q4's market dislocation presented multiple new investment opportunities which we believe seek to help drive future gains while simultaneously protecting the portfolio. Despite a positive start to the year, the Asia Arbitrage strategy detracted as widespread investor position unwinding hurt the portfolio in Q4. The bulk of the negative performance was in the equity and derivatives portfolios. Looking ahead, we see opportunities in both derivatives and convertibles and continue to believe that these dislocated markets are providing a strong opportunity for capitalizing on relative reversion. Cross Asset Relative Value was a positive contributor in 2018, supported by discipline in capturing dislocations across asset classes and well-timed rotation of its positions. The strategy's nimble and tactical approach helped prevent significant losses in Q4, allowing us to take advantage of the dislocations presented by market turmoil at year-end.

- Convertible & Volatility Arbitrage: Volatility-linked strategies such as Convertible & Volatility Arbitrage tend to see a more interesting opportunity set in higher volatility environments as they typically generate profit via positioning that generally leans long volatility. The strategy's conservative, long volatility positioning combined with the return of macro volatility helped the strategy profit in 2018. We believe the increased uncertainty and volatility, combined with our nimble positioning will continue to create opportunities to invest in existing deals as valuations shift. The Derivatives Relative Value strategy was down slightly for the year.

- Macro: Fundamental Macro was down for the year as the strategy's core short positioning in European rates, as expressed through futures and options was negatively affected as European rates continued to grind lower throughout the year.

Highbridge Capital Management, LLC

12 April 2019

COMPANY & INVESTMENT OVERVIEW

The Company is a Guernsey domiciled closed-ended investment company listed on the Premium Segment of the Official List of the United Kingdom Listing Authority and traded on the Main Market of the London Stock Exchange with assets of approximately £235m[1].

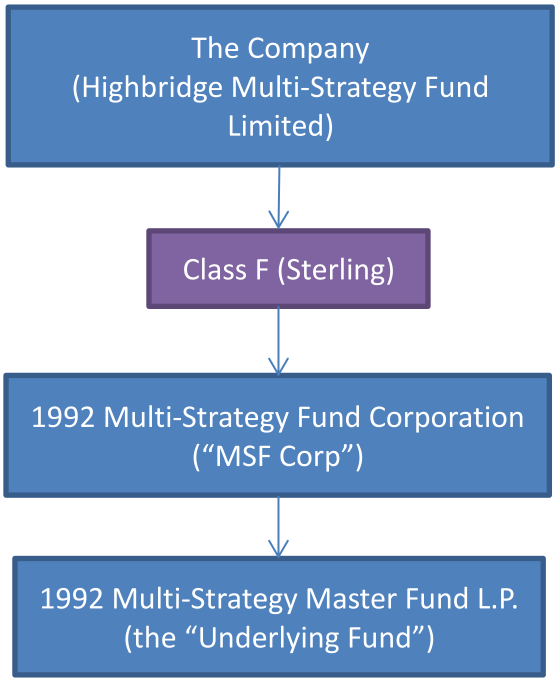
2016 Changes to Corporate Structure

Following the notification received from BlueCrest that all third party investors in AllBlue and AllBlue Leveraged would be redeemed effective 4 January 2016, an Extraordinary General Meeting was held on 24 February 2016, at which the investment objective of the Company was changed to seek to provide consistent returns with low volatility through an investment policy of investing substantially all of its assets in the Multi-Strategy Fund managed by Highbridge, now named 1992 Multi-Strategy Master Fund, L.P. (the "**Underlying Fund**"), or any successor vehicle of the Underlying Fund.

As part of this restructuring, in February 2016, all Shareholders in the Company were offered the opportunity to redeem their shares and receive redemption proceeds in proportion to their holdings in the Company at the date of redemption. As a result of this 254,398,888 Sterling shares and 15,655,071 US Dollar shares were redeemed and subsequently cancelled on 29 February 2016. Former Shareholders who had their shares redeemed pursuant to this cash exit opportunity are referred to herein as "Cash Exit Creditors".

Prior to the Extraordinary General Meeting the investment objective of the Company was to seek to provide consistent long-term capital growth through an investment policy of investing substantially all of its assets in AllBlue or any successor vehicle of AllBlue.

Structure diagram



[1] As at 31 March 2019.

The Company

The Company has one class of shares in issue, the Sterling class (the Dollar class was closed in February 2016). The Company seeks to provide Shareholders with the following key benefits:

- Attractive returns which are not beholden to the direction of asset markets, created by skilled portfolio management and a non-correlated, multi-strategy approach;

- Strong capital preservation characteristics reflecting robust risk management and expert blending of various assets across strategies; and

- Liquidity occasioned by active trading in the Company's shares on the Main Market of the London Stock Exchange.

About the Underlying Multi Strategy Fund

The Company invests into the Underlying Fund through Sterling hedged Class F shares of 1992 Multi-Strategy Fund Corporation, ("**MSF Corp**"), which feed into the Underlying Fund.

The Underlying Fund is a US Dollar denominated global multi-strategy hedge fund focused on relative value strategies with idiosyncratic sources of return. The Underlying Fund allocates capital to a number of distinct strategies pursuing equity, credit, convertible bond, volatility, capital structure arbitrage and macro opportunities across the globe, as further described below. The Underlying Fund is denominated in US Dollars, and although the Company invests into it through a Sterling denominated share class of MSF Corp, there is no hedging of currency risk at that level.

Since its inception on 1 January 1993, the Underlying Fund has achieved 9.78% annualised net returns, 6.57% annualised volatility and low beta relative to equity and credit indices[2]. Since the Company invested in MSF Corp on 1 March 2016, MSF Corp's Class F (Sterling denominated) shares have delivered 2.86% annualised net returns and 2.2074% annualised volatility[3].

As at the date of this Financial Report, MSF Corp is proposing to change its name to Highbridge Multi-Strategy Fund Corporation and an Extraordinary General Meeting is due to be held on 12 April 2019 to put this proposal to its shareholders.

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[2] As of 31 December 2018 net of all applicable fees and expenses. Returns have been obtained from the Underlying Fund's audited financial statements for 2018. Shareholders should note that past performance is not necessarily indicative of future results and that there can be no assurance that the Company's and/or the Underlying Fund's return objectives will be realised or that the Company and/or the Underlying Fund will not experience losses.

[3] As of 31 December 2018 net of all applicable fees and expenses. Returns have been obtained from the Underlying Fund's audited financial statements for 2018. Shareholders should note that past performance is not necessarily indicative of future results and that there can be no assurance that the Company's and/or the Underlying Fund's return objectives will be realised or that the Company and/or the Underlying Fund will not experience losses.

Key Features of the Underlying Fund

Consistent Returns: The Underlying Fund targets attractive risk-adjusted returns with low volatility and low beta to broad markets. It has a track record of delivering consistent risk-adjusted returns over market cycles for more than 25 years.

Diversified Global Exposure: Underlying investment strategies are diversified across asset classes, investment styles and geographies. Highbridge employs dedicated teams on the ground in London, New York and Hong Kong that seek to capture global investment opportunities.

Relative Value Focus: The Underlying Fund focuses on relative value strategies with idiosyncratic sources of return.

Dynamic Capital Allocation: Within the Underlying Fund there is flexibility to allocate capital dynamically across various asset classes and geographies.

Capital Preservation: The investment process is focussed on robust risk management and drawdown protection.

Institutional Quality Infrastructure: Highbridge's world-class trading and investment platforms are supported by infrastructure capabilities across risk management, compliance, legal, client service, operations, technology and finance.

Investment Objective and Strategy of the Underlying Fund

The Underlying Fund seeks to achieve annualised net returns of 7 to 12 per cent., with annualised volatility of 3 to 6 per cent., and a beta to the S&P 500 below 25 per cent[4].

The Underlying Fund utilises a diversified, multi-strategy approach to investing across the following six strategy groups and unique sub-strategies within those groups[5]:

[4] The Underlying Fund's annual target net return and other fund objectives have been established by Highbridge based on its assumptions and calculations using data available to it and in light of current market conditions and available investment opportunities and is subject to various risks including, without limitations, those set out in the Company's Risk Disclosure Document (which can be found on the Company's website at www.highbridgemsfltd.co.uk). These fund objectives are for illustrative purposes only and are subject to significant limitations. An investor should not expect to achieve actual returns similar to the annual target return shown above. Because of the inherent limitations of the target returns, investors should not rely on them when making any investment decision. These objectives cannot account for the impact that economic, market and other factors may have on the implementation of an actual investment programme. Unlike actual performance, the target return and other fund objectives do not reflect actual trading, liquidity constraints and other factors that could impact the future returns of the portfolio. The Underlying Fund's ability to achieve the target net return and fund objectives is subject to risk factors over which Highbridge may have no or limited control. There can be no assurance that the Underlying Fund will achieve its investment objective, the annual target net return or any other fund objectives. The actual returns achieved may be more or less than the annual target net return shown.

[5] As of 1 January 2019.

Allocation	Description	Geographic Focus
Fundamental Equity		
Asia Long/Short Equity	Bottom-up long/short equity strategy focused on relative value and thematic opportunities	Asia
Convergence Long/Short Equity	Multi-sector long/short equity strategy focused on thematic opportunities driven by sector convergence (currently covering TMT, Consumer and Industrial sectors)	Global
Event Driven Equity		
Merger Arbitrage	Strategy employing qualitative and quantitative analysis to capture unique sources of spread generated from entities involved in M&A activity	North America/Europe
Event-Focused European Long/Short Equity	Event-driven long/short equity strategy focused on opportunities resulting from industry changing events and corporate catalysts such as M&A, restructurings and management changes	Europe
US Event Long/Short Equity	Event-driven long/short equity strategy focused on opportunities resulting from catalysts such as M&A, divestitures, spin-offs, split-offs and changes in areas such as accounting policy, capital allocation, management, and regulatory or tax policies.	North America
Equity Capital Markets	Strategy focused on opportunities driven by IPOs, marketed equity follow-ons, block trades, secondaries and other capital raising and liquidity transactions across all industry sectors.	North America/Europe
Capital Structure Arbitrage and Fundamental Credit		
Convertible Credit & Capital Structure Arbitrage	Fundamental, credit relative value strategy focused on underfollowed public middle market issuers	North America/Europe
Cross Asset Relative Value	Trading strategy employing quantitative techniques to uncover mean-reverting dislocations and arbitrage opportunities among corporate credits, equities, credit derivatives and equity derivatives	North America/Europe
Asia Capital Structure Arbitrage	Fundamental, relative value strategy focused on exploiting capital structure dislocations	Asia
Convertible & Volatility Arbitrage		
Convertible & Volatility Arbitrage	Relative value strategy employing quantitative techniques to capitalise on mispriced optionality embedded in convertible securities	North America/Europe
Derivatives Relative Value	Relative value strategy using fundamental analysis and quantitative signals to find opportunities in derivatives instruments across asset classes	Global
Credit		
Distressed Credit	Fundamental, middle market distressed strategy focused on generating idiosyncratic returns through active engagement in reorganisation process	North America

Macro		
Fundamental Macro	Fundamental analysis of monetary, fiscal and political themes in search of opportunities for potential changes in valuation and relative prices across asset classes and economies	Global

About Highbridge

Highbridge was founded in 1992 as one of the industry's first multi-strategy hedge fund managers. Highbridge has approximately US$4.1 billion in assets under management and a staff of 155 employees, including approximately 50 investment professionals, with offices in London, New York and Hong Kong[6]. Highbridge established a strategic partnership with J.P. Morgan Asset Management ("**JPMAM**") in 2004. Highbridge is a subsidiary of J.P. Morgan Asset Management Holdings Inc., which is itself an indirect subsidiary of JPMorgan Chase & Co. (together with its affiliates, "**JPM**"). JPMAM is a leading investment and wealth management firm, operating across the Americas, EMEA (Europe, Middle East and Africa), and Asia in more than 30 countries, with assets under management of $1.7 trillion[7].

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

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

AllBlue

The Company was informed on 1 December 2015 that, effective 4 January 2016, AllBlue and AllBlue Leveraged were being redeemed from the seven underlying funds and were compulsorily redeeming the holdings of all investors, including the Company. The Company retains a creditor interest equivalent to the value of its outstanding holding in AllBlue and AllBlue Leveraged. This is measured by reference to the valuation statements received from the administrator and more recently the Liquidators of AllBlue and AllBlue Leveraged, although it should be noted that the latest financial figures available are the audited financial statements as at 31 July 2018. Further information about the proceeds returned to the Company is available in Notes 10 and 16 to the Financial Statements.

[6] As at 31 December 2018.
[7] As at 31 December 2018.

BOARD OF DIRECTORS

At 31 December 2018 the Company had five directors (the "**Directors**"), all of whom were non-executive. All Directors, except Paul Le Page, held office throughout the reporting year. Four Directors held office at the date of this report. All Directors are members of the Audit, Risk, Nomination and Management and Remuneration Committees.

Vic Holmes, Chairman of the Board and the Nominations Committee (aged 62) is an independent director of a diverse range of companies involved in various aspects of the Finance Sector. He was chief executive of Northern Trust's Channel Islands businesses until he retired from full time employment in November 2011. He held chief executive and chairman roles for a period of 21 years, initially for a Baring Asset Management subsidiary in Ireland from 1990 to 2003, followed by a 2 year stint as chairman of all Baring Asset Management fund administration companies in 5 jurisdictions. He then worked as country head for Northern Trust in Ireland from 2005 to 2007 and then moved back to Guernsey in 2008 with Northern Trust. He has extensive Board room experience which has been gained first hand as a director of multiple finance-related companies over a 30 year period. He is a fellow of the Association of Chartered Certified Accountants and a resident of Guernsey.

Steve Le Page, Chairman of Audit Committee and Management and Remuneration Committee (aged 62), retired from partnership with PwC in the Channel Islands in September 2013 and joined the Board in June 2014. His career at PwC spanned 33 years, during which time he was partner in charge of their Assurance and Advisory businesses for ten years and Senior Partner for five years. In these executive positions he led considerable change and growth in that firm and also helped fund Boards deal with regulatory and reporting issues. His experience spans initial listings, ongoing governance and reporting, continuation and going concern and even winding up of listed and unlisted entities. He is a Chartered Accountant and a Chartered Tax Advisor and he has a number of non-executive roles. He is resident in Guernsey.

Sarita Keen (aged 51) brings significant experience of fund administration of Guernsey companies. She was employed by Kleinwort Benson (Channel Islands) Fund Services (formerly Close Fund Services Limited), for over 25 years and prior to that she worked for Hambros in Guernsey. She is an Approved Person with the Guernsey Financial Services Commission and a Member of the Institute of Directors. Sarita holds a number of non-executive positions for various companies and, as part of this, chairs or is a member of those companies' Audit, Risk and Nominations Committees. Miss Keen was appointed as a director on 3 June 2015 and is resident in Guernsey.

Paul Le Page, Chairman of the Risk Committee and Senior Independent Director (aged 52). Paul is currently employed as an executive director of Man Group plc's Guernsey Investment and Fund Management subsidiaries where he is responsible for management of hedge fund portfolios which span the full universe of hedge fund strategies. This enables him to review and assess the performance and risk of the Company in an independent and objective manner. He has spent the last 15 years acting as an independent nonexecutive director of a variety of LSE listed investment companies operating in the alternative investment sector. He was appointed to the Board on 1 May 2018.

Paul Meader was appointed as a director of the Company in April 2006 and was Chairman of the Risk Committee and the Management and Remuneration Committee and Senior Independent Director up to the date of his resignation from the Board on 31 December 2018.

DIRECTORS' REPORT

The Directors present their Annual Report and Audited Financial Statements for the year ended 31 December 2018.

A description of important events which have occurred during the Financial Year, their impact on the performance of the Company as shown in the Financial Statements (on page 47) and a description of the principal risks and uncertainties facing the Company, together with an indication of important events that have occurred since the end of the Financial Year and the Company's likely future development is given in this Report, the Chairman's Statement and the notes to the Financial Statements and are incorporated here by reference.

Management of the Company

Investment Manager

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

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

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

Pursuant to Listing Rule 15.6.2 (2), the Board of the Company has concluded that the continuing appointment of the Investment Manager on the terms agreed is in the best interest of the Company's Shareholders as a result of its performance in the year under review, with low volatility and low correlation to equity markets.

Highbridge does not receive any direct management or performance fees at the Company level for its appointment as Investment Manager to the Company. Instead, Highbridge receives management fees and incentive fees for its role as Investment Manager of the Underlying Fund. Further information on these fees is disclosed in the circular published by the Company on 8 February 2016.

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

Secretary and Administrator

JTC Fund Solutions (Guernsey) Limited ("**JTCFSL**", the "**Administrator**" or the "**Secretary**") is a Guernsey incorporated company and provides administration and secretarial services to the Company pursuant to an Administration and Secretarial Agreement. In such capacity, JTCFSL is responsible for the general secretarial functions required by the Law and provides advice and support to the Board to assist the Company with compliance with its continuing obligations as well as advising on the corporate governance requirements and recommendations applicable to a company listed on the premium segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange. JTCFSL is a wholly owned subsidiary of JTC PLC.

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

The Company

Information on the Company including its Investment Objective and Policies can be found on page 67 onwards.

The Directors shall at the Annual General Meeting ("**AGM**") of the Company to be held in 2021 propose an Ordinary Resolution that the Company continues its business as a closed-ended collective investment scheme (a "**Continuation Resolution**"). If a Continuation Resolution is passed at such AGM then the Directors shall be required to propose a further Continuation Resolution at every fifth Annual General Meeting thereafter.

If a Continuation Resolution is not passed, then the Directors shall, within six months of such Continuation Resolution not being passed, put proposals to Shareholders for the reconstruction, reorganisation or winding up of the Company.

In addition, the current Articles enable the Directors, at their absolute discretion, to make a quarterly tender offer to Shareholders for up to 20% of the issued share capital of the Company. In the event that the Directors choose to exercise this discretion in any quarter, they may tender for any number of shares, up to 20% of the issued capital.

The Company engaged in a buyback programme during the year, during which 497,000 shares (2017: 6,071,000) were repurchased at an average discount of 3.51% (2017: 7.70%).

The Alternative Investment Fund Managers Directive ("AIFMD")

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

Directors

The Directors, all of whom are non-executive, are shown on page 15. No Director has a contract of service with the Company, nor are any such contracts proposed.

The following table details the interests of the Directors in the Shares of the Company, both as at 31 December 2018 and as at 5 April 2019.

Director	Number of Shares (5 April 2019)	Number of Shares (31 December 2018)
Mr Vic Holmes	25,250 Sterling Shares	25,250 Sterling Shares
Mr Steve Le Page	None	None
Ms Sarita Keen	None	None
Mr Paul Le Page	None	None
Mr Paul Meader*	N/A*	22,000 Sterling Shares

* Mr Meader resigned from the Board effective 31 December 2019

Director Indemnification and Insurance

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

Disclosure of Information to Auditor

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

Independent Auditor

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

Net Asset Value ("NAV")

The NAV per Sterling Share for accounting purposes, including all distributable reserves, as at 31 December 2018 was GBP 2.1518.

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income on page 47. In accordance with the Investment Objective the Directors have never declared any dividends, and the Directors do not recommend the payment of a dividend as at the date of this report.

Related Party Transactions

Other than the above-mentioned interests, none of the Directors, or any persons connected with them, had a material interest in any of the Company's transactions.

There were no material related party transactions which took place in the Financial Year, other than those disclosed in the report of the Directors and at note 6 to the financial statements.

Notifiable Interests in the Company's Voting Rights

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

Name	Date of Notification to Company	Number of Voting Rights	% of Voting Rights (as at 31st December 2018)
Rathbone Brothers Plc	07/11/2018	25,029,768	23.75%
Sarasin & Partners LLP	07/01/2015	21,004,556	19.93%
Smith and Williamson Holdings Limited	10/08/2018	15,692,958	14.89%
JP Morgan	25/01/2016	12,500,000	11.86%
Investec Wealth & Investment Limited	20/07/2018	10,357,152	9.83%
Old Mutual Plc	29/03/2018	5,611,460	5.32%

At 5 April 2019, being the latest practicable date prior to publication, the following had declared a notifiable interest in the Company's voting rights:

Name	Date of Notification to Company	Number of Voting Rights	% of Voting Rights (as at 5 April 2019)
Rathbone Brothers Plc	07/03/2019	23,916,192	22.81%
Sarasin & Partners LLP	07/01/2015	21,004,556	20.04%
Smith and Williamson Holdings Limited	29/03/2019	16,712,322	15.94%
JP Morgan	25/01/2016	12,500,000	11.92%
Investec Wealth & Investment Limited	20/07/2018	10,357,152	9.88%
Old Mutual Plc	29/03/2018	5,611,460	5.35%
Premier Fund Managers Limited	05/04/2019	5,279,474	5.04%

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

Listing Rule 9.8.4 R

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

CORPORATE GOVERNANCE STATEMENT

Statement of Compliance with the AIC Code of Corporate Governance

In accordance with Listing Rule 9.8.7 the Company is required to comply with the requirements of the UK Corporate Governance Code. A copy of the UK Corporate Governance Code, 2016, is available for download from the Financial Reporting Council's website (www.frc.org.uk).

The Board of the Company has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Guernsey domiciled Investment Companies (the "**AIC Guide**"). The AIC Code, as explained by the AIC Guide addresses all the principles set out in the UK Corporate Governance Code, 2016, as well as setting out additional principles and recommendations on issues that are of specific relevance to an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and reference to the AIC Guide (which incorporates the UK Corporate Governance Code, 2016), will provide better information to Shareholders.

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

The UK Corporate Governance Code includes provisions relating to:

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

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, 2016, the Board considers that these provisions are not relevant to the position of the Company. The Company has therefore not reported further in respect of these provisions. The Company has complied with all principles of the AIC Code and conforms with all detailed recommendations subject to the following explanations.

Board Composition

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

Biographies of the Directors appear on page 15, demonstrating the wide range of skills and experience they bring to the Board and highlights of their specific key skills and experience are included on page 24. In accordance with principle five of the AIC Code, below is a list of all other public company directorships and employments held by each Director and shared directorships of any commercial company held by two or more Directors at the date of this report:-

Vic Holmes

Next Energy Solar Fund Limited

Steve Le Page

Volta Finance Limited

Princess Private Equity Holding Limited

Channel Islands Property Fund Limited

Tufton Oceanic Assets Limited

Paul Le Page

Bluefield Solar Income Fund Limited

UK Mortgages Limited

Board Meetings

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

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

Director	Quarterly Board Meetings	Ad-Hoc Board Meetings	Audit Committee Meetings	Management and Remuneration Committee Meetings	Nomination Committee Meetings	Risk Committee Meetings
Vic Holmes	4 of 4	5 of 5	2 of 2	2 of 2	3 of 3	4 of 4
Paul Meader*	4 of 4	3 of 5	2 of 2	2 of 2	3 of 3	4 of 4
Steve Le Page	4 of 4	5 of 5	2 of 2	2 of 2	3 of 3	4 of 4
Sarita Keen	4 of 4	4 of 5	2 of 2	2 of 2	3 of 3	4 of 4
Paul Le Page**	3 of 4	3 of 5	1 of 2	0 of 2	1 of 3	3 of 4

*Paul Meader resigned effective 31 December 2018.

** Paul Le Page was appointed to the Board with effect from 1 May 2018, and thus did not attend the Board and Committee meetings held prior to his appointment. Paul has attended all Board and Committee meetings held since his appointment.

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

Key Skills and Experience

A review of the skills and experience of the existing Board members, who all held office throughout the year, is outlined below:

Director	Key Skills and Experience
Vic Holmes Chairman	Wide knowledge of investment management as well as broad experience of non-executive directorships, chairmanships and executive directorship in quoted and unquoted companies.
Paul Meader Chairman of the Risk Committee and of the Management and Remuneration Committee, both of which he resigned from on 31 December 2018	An experienced portfolio manager with in-depth knowledge of private wealth management and institutional asset management. Long term experience of asset allocation, fixed income and hedge funds. Significant financial services, fund management, regulatory and non-executive director experience.
Steve Le Page Chairman of the Audit Committee and, from 1 January 2019, Chairman of the Management and Remuneration Committee	Wide-ranging knowledge of audit, financial reporting, corporate governance and internal controls in the context of listed investment companies. Significant financial services, regulatory and non-executive director experience.
Sarita Keen	Extensive experience of Guernsey investment company administration and regulation.
Paul Le Page Chairman of the Risk Committee from 1 January 2019	An experienced hedge fund portfolio manager with detailed knowledge of asset allocation, fund selection and financial risk management. Significant financial services, governance and investment company sector experience.

Tenure

All Directors seeking to continue on the Board after the AGM will put themselves forward for re-election at each AGM. The Board approves the nomination for re-election of such directors on an annual basis. The above table summarises the rationale for that approval. On 2 August 2018, the date of the most recent AGM, Shareholders re-elected Vic Holmes, Sarita Keen, Steve Le Page and Paul Meader. Paul Le Page was appointed to the Board by the directors effective 1 May 2018, and will be put forward for election by the Shareholders at the next AGM.

The Board believes that changes to its composition, including succession planning for directors, can be managed without undue disruption to the Company’s operations. Directors are able and encouraged to provide statements to the Board of their concerns and ensure that any items of concern are recorded in the Board minutes and the Chairman encourages all Directors to present their views on matters in an open forum. The Board is also scheduled to consider the tenure of Directors once any Director has been appointed to the Board for a continuous period of nine years. This occurred in 2015 for Mr Meader. Whilst the Board is of the view that directors can continue in certain circumstances beyond tenure of nine years, thereafter such Directors will be subject to increasing scrutiny as to their effectiveness and independence. In light of the change in Investment Manager and the more recent appointments of the three other directors, the Board determined that it was appropriate for Mr Meader to remain as a director into 2018. Mr Meader resigned from the Board on 31 December 2018.

Board Committees

The Board delegates certain responsibilities and functions to Committees. Details of the membership of these Committees are shown with the Directors' biographies on page 15. Details of the activities of each of the Committees are set out below.

Audit Committee

In accordance with the AIC Code, an Audit Committee has been established and its terms of reference are available on the Company's website. All Board members are members of the Audit Committee. In the opinion of the Board, the constitution, terms of reference and activities of the Audit Committee fulfil all the relevant requirements of the AIC Code, save that the Company does not maintain an internal audit function.

The report of the chairman of the Audit Committee can be found on page 38. The Board continues to seek to ensure that all areas of risk and control are addressed by either the Risk Committee or the Audit Committee. Consequently the terms of reference of each Committee make the division of responsibilities between them clear. The Audit Committee is responsible for monitoring the effectiveness of the controls and systems in place to address, inter alia, the risks of loss or misappropriation of assets, misstatement of liabilities or failure of financial reporting systems or processes, including valuation reporting and processes.

The Audit Committee monitors the performance of the auditor, and also examines the remuneration and engagement of the auditor, as well as its independence and any non-audit services provided by it. The current auditor was appointed after a tender process in 2016 and so their tenure is not currently an area of consideration for the Audit Committee.

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

Management and Remuneration Committee

In accordance with the AIC Code, a Management and Remuneration Committee has been established and its terms of reference are available on the Company's website. All Board members are members of the Management and Remuneration Committee and it was chaired by Paul Meader during 2018 until he resigned on 31 December 2018 when Steve Le Page assumed the role of chairman. The function of the Management and Remuneration Committee is:

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

- to monitor and assess the appropriate levels of remuneration for all Directors; and

- to ensure that the Company complies to the best of its ability with applicable laws and regulations relating to engagement with service providers and director remuneration and adheres to the tenet of generally accepted codes of conduct.

During the year under review the Management and Remuneration Committee met twice.

The chairmanship of the Management and Remuneration Committee is reviewed annually by the Chairman. In addition, each Director's performance is assessed annually by the Chairman and the performance of the Chairman is assessed by the Senior Independent Director together with the remaining Directors.

The remuneration of the Directors is reviewed on an annual basis and compared with the level of remuneration for directorships of other similar investment companies. In 2017, an independent analysis of director remuneration was commissioned from Deloitte LLP. Consequent to this, no amendment was made to Director's remuneration other than regarding the remuneration due to the Senior Independent Director and the Chairman of the Risk Committee as noted in the table below. All Directors receive an annual fee and there are no share options or other performance related benefits available to them.

The Board is committed to an evaluation of its performance being carried out every year. In accordance with principle seven of the AIC Code the Board has carried out a rigorous review of its own effectiveness during 2018 and has concluded that it maintains a good balance of skills, experience, independence, diversity and knowledge of the Company and therefore remains effective. It should be noted that whilst the Company was included in the FTSE 350 the Board underwent external performance evaluations by Optimus Group in 2011 and 2014. The Directors' fees are disclosed below.

Description	Amount (per annum)
Director’s fee	£42,000
Additional fee payable to chairman	£18,000
Additional fee payable to Audit Committee chairman	£8,000
Additional fee payable to Senior Independent Director (to 15 February 2018)*	£6,000
Additional fee payable to Risk Committee chairman (from 15 February 2018 onwards)	£6,000

* No fee was payable to the Senior Independent Director from 15 February 2018 onwards.

Nomination Committee

In accordance with the AIC Code, a Nomination Committee has been established and its terms of reference are available on the Company’s website. All Board members are members of the Nomination Committee. Mr Holmes has been appointed as Chairman of this Committee, except when the Committee considers any matter in connection with the Chairmanship in which case the Committee will elect another Chairman. Given that the Board consists solely of non-executive directors, each of whom is a member of the Committee, the Board does not consider the Chairman being a member of the Committee to be inappropriate.

The function of the Nomination Committee is to ensure that the Company goes through a formal process of reviewing the balance, independence and effectiveness of the Board, identifying the experience and skills which may be needed and those individuals who might best provide them and to ensure that the individual has sufficient available time to undertake the tasks required. When considering the composition of the Board, Directors will be mindful of diversity, inclusiveness and meritocracy. The outside directorships and broader commitments of Directors are also monitored by the Nomination Committee.

In February 2018 the Nomination Committee undertook the aforementioned formal review of the balance, independence and effectiveness of the Board for the year under review and concluded it did not have any objection to the current commitments of its members, including the shared directorships listed above and that no changes to the composition of the Board were required.

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

In the course of the year under review, the Committee members began a structured search and selection process for a new director of the Company. As part of this process, the policies described above were applied, and OSA Recruitment were engaged as external search consultants. As a result of this process, Paul Le Page was appointed to the Board of Directors of the Company.

Investment and Market Risk Committee (the "Risk Committee")

The Risk Committee was established in 2014 and its membership and terms of reference are available on the Company's website.

The Committee's primary focus is around investment risk in its broadest sense, including elements such as counterparty risk and credit risk.

The Committee's work has focused on two levels:

- the direct exposures of the Company itself, for instance to the Underlying Fund, AllBlue, AllBlue Leveraged and cash counterparties; and

- the exposures embedded within the Underlying Fund, its investment characteristics and the risks associated with owning the Underlying Fund.

The Committee meets regularly and has, over the course of the year under review, spent time considering the scope and mandate of its operations, reviewing key documentation, regularly reviewing key reporting and interacting with Highbridge and JTCFSL to examine and understand the risks that the Company is exposed to at both levels, agreeing a reporting framework with Highbridge in order to monitor the risk metrics of the Underlying Fund.

Further information relating to the work of the Risk Committee is explained in the Risk Committee report on page 36.

Terms of Reference

The Nomination Committee, Management and Remuneration Committee, Audit Committee and Risk Committee each have written terms of reference. Copies of these are available for inspection on request at the Company's registered office, and are also available on the Company's website.

Going Concern

The Company now invests the majority of its assets into the Underlying Fund, and, as indicated in the

Investment Manager's report, that fund has achieved 9.78% annualised net returns since inception and 2.86% annualised net returns for Class F (Sterling denominated) shares since the Company invested into the Underlying Fund on 1 March 2016. Whilst this historic performance is no indication for the future, the Directors therefore have a reasonable expectation that positive returns will be made in the future and that therefore Shareholders will wish to continue their investment in the Company. In addition, at the date of publication of this report, the Company holds a cash balance which exceeds normal operating expenditure anticipated during the next 12 months. Finally, the Directors have reasonable grounds for believing that the quarterly tender offers, if any, during the next twelve months will be funded primarily by redemptions from the Underlying Fund.

The Company's financial risk management objectives and policies, details of its financial instruments and its exposures to market price risk, credit risk, liquidity risk and interest rate risk are set out at Note 14 to the Financial Statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months. Accordingly, they continue to adopt the going concern basis in the preparation of this Annual Financial Report.

Shareholder Communication

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

Both Highbridge and JPMAM meet regularly with the Company's major Shareholders and reports are provided at least quarterly to the Board of Directors on those Shareholders' views about the Company and any issues or concerns they have raised. The Board regularly reviews the Company's share register at its formal meetings to monitor the shareholder profile and the Board has implemented measures to ensure that information is presented to its Shareholders in a fair, balanced and understandable manner.

The Company announces the confirmed NAV of its shares on a monthly basis. During the year under review a commentary on the investment performance of the Company's investments in the Underlying Fund was provided in the Company's monthly factsheet. The estimated net asset value of the Company's shares is, and will continue to be, announced weekly via a Regulatory Information Service. The daily market closing prices of Shares are available on Reuters, Bloomberg, in the Financial Times and the Daily Telegraph.

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

The Company's register of Shareholders is maintained by Anson Registrars Limited in Guernsey and they can be contacted on +44 (0)1481 711301.

Bribery

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

The Board is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;

The Company will implement and enforce effective procedures to counter bribery; and

The Company requires all its service providers and advisors to adopt equivalent or similar principles.

UK Criminal Finance Act 2017

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

Data Protection

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

Risk Management and Internal Control

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

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

The Company has put in place arrangements with Highbridge for the Company to receive monthly NAVs and estimated weekly NAVs in relation to the Underlying Fund electronically as soon as they are released, together with certain factsheets produced on each fund and other administrative information and reports. The purpose of these arrangements is to ensure that the Directors have sufficient information to enable them to monitor the Company's investments. AllBlue and AllBlue Leveraged were placed into voluntary liquidation on 11 July 2018. Since that date, they have published their audited financial accounts as at 31 July 2018, but no further NAV information has been provided. The Liquidators of AllBlue and AllBlue Leveraged have advised that they will provide updates on a semi-annual basis. Given that those holdings represent less than 1% of the Company's NAV the directors are content that this does not constitute a serious failure of process. More details are provided in Note 2 on page 54.

The Risk Committee of the Company meets regularly to review risk reporting information and consider the Company's investment risk management systems, including consideration of a risk matrix which covers various areas of risk including corporate strategy, accuracy of published information, compliance with laws and regulations, relationships with service providers and investment and business activities. The Board considers that the Company has adequate and effective systems in place to identify, mitigate and manage the primary risks to which the Company is exposed.

Highbridge is the Investment Manager of MSF Corp and acts as Investment Manager of the Company. The responsibility for AllBlue and AllBlue Leveraged has now been assumed by their Liquidators. Administration and Secretarial duties for the Company are performed by JTCFSL. The Board considers that the systems and procedures employed by the Administrator and other service providers provide sufficient assurance that a sound system of internal controls is in place.

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

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

Principal Risks and Uncertainties

The principal risks associated with the Company are:

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

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

Share price discount risk: The share price is continually monitored and, if appropriate, the Board have the discretion to make a quarterly tender offer to Shareholders. Furthermore, the Board also consider whether any additional control measures need to be implemented, including the implementation of a buyback programme. The articles of incorporation of the Company (adopted on 20 July 2016) also include a provision that a continuation vote will be held in 2021 and every 5 years thereafter.

Concentration risk: The Company's principal exposure is to the Underlying Fund, with additional exposure to AllBlue and AllBlue Leveraged through its creditor interests in these funds and, therefore, the Company is exposed to concentration risk. The Board considers that the Company is effectively highly diversified in its exposures, given the range of individual positions and exposures of the Underlying Fund. The Board believes that this mitigates the concentration risk. The Board actively monitors the exposures to the Underlying Fund, AllBlue, and AllBlue Leveraged.

Leverage risk: The Company does not undertake structural borrowings but will not maintain exactly 1:1 economic exposure to the Underlying Fund at all times because of factors including, but not limited to, exposure to AllBlue and AllBlue Leveraged pending the final distribution of all proceeds from the compulsory redemption of all outside investors effective 4 January 2016, share issuance and buybacks and general expenses. Neither MSF Corp nor AllBlue undertake direct structural leverage. AllBlue Leveraged sought to maintain a position which is approximately 2x leveraged to AllBlue but is now understood to have repaid all its direct leverage. The Board monitored the performance of the Company against the performance of AllBlue and does so against the performance of the Underlying Fund. Leverage exists in the investments of the Underlying Fund and AllBlue including through loans by the fund's prime brokers for the purchase or sale of securities or embedded in derivative positions. Some of the investments will be exposed to significant gross leverage.

Counterparty risk: The Company is exposed to counterparty-risk directly and indirectly via the Underlying Fund, AllBlue, AllBlue Leveraged and their investments. The Company seeks to ensure that it does not have undue direct counterparty exposures in line with market practices. AllBlue Leveraged had counterparty exposure to the leverage provider. The Company also has counterparty exposure via its cash and cash equivalent exposure to Barclays, who provide banking services to the Company, and to the JP Morgan Liquidity funds.

Credit risk: The Company is exposed to credit risk directly through cash and cash equivalents and applies controls accordingly. The Company is also exposed to credit risk more broadly through the Underlying Fund.

The Board believes that credit risk is well diversified through the exposures taken by Highbridge as Investment Manager of the Underlying Fund and given the reduced size of the Company's interest in AllBlue.

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

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

Viability Statement

As stated on page 12, the investment objective of the Company is currently to seek to provide consistent returns with low volatility through an investment policy of investing substantially all of its assets in the Underlying Fund or any successor vehicle of the Underlying Fund. Since 29 February 2016 the Company's investment performance has largely depended upon the performance of its underlying investment into the Sterling Class of MSF Corp which is also managed by Highbridge, the Company's Investment Manager. The Directors, in assessing the viability of the Company have paid particular attention to the principal risks faced by the Company in seeking to achieve its stated objective, which are set out on page 31. The Board has established a risk management framework which is intended to identify, measure, monitor, report and where appropriate, mitigate the risks to the Company's investment objective. The Board does not consider any other risks faced by the Company to be principal risks, as defined in the Corporate Governance Code.

The Directors confirm that their assessment of the principal risks facing the Company was robust and in doing so they have considered models projecting future cash flows during the three years to 31 December 2021. This model assumes that the Company will be able to meet any requirements for cash from redemption proceeds from its investment in MSF Corp. The Board considers these assumptions to be reasonable, having regard to the information received by the Company to date. The model also assumes that future performance will reflect the actual performance of MSF Corp during the last few years. These models have then been flexed to reflect the impact of some plausible but severe scenarios similar to those experienced by investment markets in the past. The viability assessment covers a period of three years because the Directors are of the opinion that given the Company's recent change of investment policy and Investment Manager it would be imprudent for them to attempt to assess any longer period. The Directors also consider this period to be sufficient given the inherent uncertainty of the investment world.

At the time of writing, the Company's assets exceed its liabilities by a considerable margin. Further, the main requirement for cash is to meet any potential future quarterly tender or fund any buybacks. Since these are entirely at the Directors' discretion they could therefore be curtailed or discontinued if necessary to manage cash needs. In making their viability assessment, the Directors have included a reasonable level of on market buy backs or tender offers in their cash flow projections, albeit that as noted above any resulting cash outflow is assumed to be matched by an inflow from MSF Corp. The actual level and timing of any tender or buy back and how it is to be funded will be determined at the Directors' discretion, considering the performance of the Company, anticipated investor demand and the level of the discount, if any, of the Company's share price to its NAV, and therefore cannot be estimated with accuracy in advance.

The continuation of the Company in its present form is dependent on the Investment Management Agreement with Highbridge remaining in place. The Directors note that the Investment Management Agreement with the Investment Manager is terminable on six months' written notice by either party. The Directors have no current reason to assume that either the Company or Highbridge would serve notice of termination of the Investment Management Agreement during the three year period covered by this viability statement. The Articles require that the Directors put a Continuation Resolution to the Annual General Meeting of the Company to be held in 2021.

The Directors, having duly considered the principal risks facing the Company, their mitigation and the cash flow modelling, have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial statements for each Financial Year which give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

Ensure that the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for a shareholder to assess the Company's performance, business model and strategy;

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed subject to any material departures discussed and explained in the Annual Report and Audited Financial Statements; and

Prepare the financial statements on the 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 financial statements have been properly prepared in accordance with the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement

The Board of Directors, as identified at pages 15 and 19, jointly and severally confirm that, to the best of their knowledge:

This report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces;

The Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the financial position and profits of the Company;

The Annual Report and Audited Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy; and

The Annual Report and Audited Financial Statements include the information required by the UK Listing Authority for ensuring that the Company complies with the provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules of the UK Listing Authority, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions, of the corporate governance code applicable to the Company.

By order of the Board

Vic Holmes, **Director**

12 April 2019

INVESTMENT AND MARKET RISK COMMITTEE REPORT

MEMBERSHIP

The Risk Committee was established in April 2014 and the current membership comprises all directors, being Paul Le Page (Chairman), Vic Holmes, Steve Le Page and Sarita Keen. Mr Paul Meader chaired the Committee during the Financial Year and retired from the Board on December 31 2018 when Mr Paul Le Page was appointed as the Chairman.

ROLE OF THE COMMITTEE

The Company is in-scope of the AIFMD and has appointed Highbridge as its AIFM, with consequent risk management responsibilities. Further, the Company is solely a shareholder in the Underlying Fund via MSF Corp and has no preferential rights or privileges relative to those granted to any shareholder in the Underlying Fund.

Accordingly, the role of the Committee is to monitor underlying risk parameters in the Underlying Fund and to monitor and manage investment risks at a Company level. The Committee does not have the ability to manage risk directly in the Underlying Fund.

THE COMMITTEE'S ACTIVITIES DURING 2018

The Committee's activities relate to investment risk. Other risks, such as operational risk or regulatory risk, are overseen by the Board or Audit Committee. The Risk Committee considered on an ongoing basis:

- the direct exposures of the Company itself - to the Underlying Fund, AllBlue and AllBlue Leveraged, accounting for liquidity requirements;

- the exposures embedded within the Underlying Fund, its investment characteristics and the risks associated with owning the Underlying Fund; and

- the residual interest in AllBlue and AllBlue Leveraged, their exposures and cashflows.

During 2018 the Committee worked with the Administrator to develop a quantitative Red Amber Green ('RAG') report linked to the Company's Risk Appetite statement. In addition the Committee developed a number of peer group relative risk and return measures to help judge whether the performance of the Underlying Fund was in line with its declared strategy.

In October 2018 the Committee undertook an onsite visit to Highbridge in London and met with the Chief Investment Officer, the Chief Risk Officer and the Portfolio Manager of the recently added Convergence strategy. The Committee was able to review the asset allocation and the leverage and liquidity management policies of the Underlying Fund and was pleased to note that the Underlying Fund had reduced exposure to Statistical Arbitrage before widespread de-leveraging occurred in the second half of the year.

During the year, AllBlue & AllBlue Leveraged returned capital and, as a result, the proportion of the Company invested in AllBlue and AllBlue Leveraged diminished such that it represented approximately 0.5% of the continuing Shareholders' NAV exposure at the year end. The wind down of the AllBlue funds entered its final phase with the appointment of Deloitte and Touche as liquidators in July. The Committee reviewed the financial statements produced by the Liquidators and noted that the Liquidators had increased their liquidation cost accrual to cover the period until 31 October 2022.

During the year, the Committee noted that the risk levels of the Underlying Fund increased towards more normal levels at the end of the year as the Investment Manager sought to take advantage of an increased opportunity set.

ENGAGEMENT WITH HIGHBRIDGE

The relationship with Highbridge operated successfully during the year and they have been responsive to questions raised by the Committee.

EXPOSURE MONITORING

As proceeds from AllBlue & AllBlue Leveraged were received during the year, these were redeployed into the Underlying Fund or retained for distribution to those shareholders who elected to exit or tender their shares.

Accordingly, the exposure to MSF Corp was maintained at as high a level as possible in these circumstances. At the end of the year the exposures were:

	Ongoing Shareholders
Cash	1%
AllBlue Limited and AllBlue Leveraged Feeder Limited	0.5%
Invested in 1992	98.5%
	Cash Exit Creditors
Cash	0%
AllBlue Limited and AllBlue Leveraged Feeder Limited	0.5%
Distributed	99.5%
	Tender Creditors
Cash	0%
AllBlue Limited and AllBlue Leveraged Feeder Limited	0.5%
Distributed	99.5%

Paul Le Page

Risk Committee Chairman

12 April 2019

AUDIT COMMITTEE REPORT

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

The report of the chairman of the Risk Committee can be found on page 36. The Board seeks to ensure that all areas of risk and control are addressed by either that Committee or the Audit Committee. Consequently the terms of reference of each Committee make the division of responsibilities between them clear. The Audit Committee is responsible for monitoring the effectiveness of the controls and systems in place to address, inter alia, the risks of loss or misappropriation of assets, misstatement of liabilities or failure of financial reporting systems or processes, including valuation reporting and processes.

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

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

MEMBERSHIP

The current Chairman of the Audit Committee is Steve Le Page, who became Chairman on his appointment to the Board on 3 June 2014. Paul Meader and, Sarita Keen were members of the Committee throughout 2016 and 2017 and Vic Holmes joined the Committee on 10 October 2016. Following publication of the 2018 edition of the FRC’s UK Corporate Governance Code Mr Holmes resigned from the Audit Committee on 9 November 2018, but was re-appointed on 15 February 2019 after the AIC Code indicated that the FRC had agreed that Chairmen of investment companies could continue to be members of audit committees. Paul Le

Page joined the Committee on 1 May 2018 and Paul Meader left it on his retirement from the Board on 31 December 2018.

KEY ACTIVITIES OF THE AUDIT COMMITTEE

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

- Monitoring and assessing the financial systems and controls operated by the Company's key service providers;
- Overseeing the preparation and publication of, and giving appropriate advice to the Board in respect of, the interim report for the six months ended 30 June 2018 and the current annual report for the year ended 31 December 2018;
- Monitoring and assessing the external auditor.

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

FINANCIAL SYSTEMS AND CONTROLS OPERATED BY SERVICE PROVIDERS

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

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

In October 2017 the Board visited Highbridge in New York, and in October 2018 visited Highbridge in London, to discuss, inter alia, their investment processes and activities and their possible impact on the Company. In October 2017 the processes and controls around the Underlying Fund were also discussed. Of particular relevance to the activities of this Committee were the discussions concerning the monitoring, by the board of the Underlying Fund, of the performance and effectiveness of their auditor and of the valuation systems operated by their administrator.

On the basis of the ongoing monitoring of the Company's service providers described above, the Committee identified some minor delays and inaccuracies, none of which resulted in any financial loss. As a result, the Committee is satisfied that the Company's reliance on service providers during 2018 was not misplaced and that the systems of internal control operated on the Company's behalf, both during the calendar year 2018 and currently, should reasonably prevent material error or misstatement of financial information.

PREPARATION OF INTERIM AND ANNUAL REPORTS

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

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

The significant issues which the Committee considered in relation to these Financial Statements, in addition to those set out elsewhere in this section, were the existence and valuation of the Company's investment holdings. Existence and the price at which the investment is held were verified by obtaining direct confirmation from the administrator of MSF Corp. As explained elsewhere (see Note 2 on page 54), at the time of drafting the financial statements the most recently available NAV for AllBlue and AllBlue Leveraged was as at 31 July 2018, which, in the absence of any other information, the Directors have chosen to use as their best estimate of the fair value of those interests. In addition, the Committee considered the results of the service provider monitoring referred to above and also reviewed the cash and valuation movements post year end. In the case of the investment into MSF Corp, this includes coterminous audited financial statements. The Committee concluded that the investments existed and were properly valued in accordance with the accounting policy of the Company, set out on page 55.

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

Finally, in respect of the annual report, the Committee considered the regular monitoring of the Company's cash position carried out by the Board, together with a cash forecast for the period until 31 March 2020. The principal uncertainty involved in the forecasting of the Company's cash requirements is the level at which cash will be utilised in support of any on market buyback of Shares or any quarterly tender offer to Shareholders, which may be proposed by the Directors in their sole discretion. The Committee is satisfied that with the level of cash held, the regular monitoring by the Board and the liquidity of the Company's investments, it is appropriate to prepare the Financial Statements on a going concern basis.

EXTERNAL AUDITOR

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

The auditor does not provide any regular non-audit services to the Company, and it is the Committee's expectation that this situation will continue. The auditor was engaged on 20 March 2018 to perform agreed upon procedures in respect of cash distributions received from AllBlue and AllBlue Leveraged and then subsequently paid by the Company to exiting shareholders, for a fee of £10,000.00. The Committee has a formal policy concerning non-audit services, detailed on the Company's website, should the need arise.

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

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

Steve Le Page

Chairman of the Audit Committee

12 April 2019

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHBRIDGE MULTI-STRATEGY FUND LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Highbridge Multi-Strategy Fund Limited (the "Company") as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Our audit approach

Overview

Materiality

- Overall Company materiality was £2.3 million (2017: £2.1 million) which represents 1% of net assets.

Audit scope

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

Key audit matters

- Valuation of investments

Audit scope

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

Our audit included testing of investment transactions and our procedures performed on the year end valuations are discussed under *Key Audit Matters* below.

We obtained evidence on the controls of the Administrator by examining a detailed report prepared by management and opined on by an independent audit firm. We supplemented this understanding through inquiry and inspection of documentation provided by the Administrator.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	£2.3 million (2017: £2.1 million)
How we determined it	1% of net assets (2017: 1% of net assets)
Rationale for the materiality benchmark	We believe that net assets are the most appropriate benchmark because this is the key metric of interest to members. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (2017: £0.1 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	**How our audit addressed the Key audit matter**
Valuations of investments The investment portfolio at the year-end was valued at £228.6 million (2017: £211.0 million) and principally comprised the investment in 1992 Multi-Strategy Fund Corporation of £224.1 million (2017: £203.6 million) together with the remaining investments held in the legacy AllBlue Funds of £4.5 million (2017: £7.4 million). Please see note 7 to the financial statements. We focussed on the valuation of the investment portfolio because investments represent the principal element of the net asset value as disclosed on the statement of financial position. The AllBlue Funds are categorised as level 3 investments under the IFRS 13 fair value hierarchy and	• The internal control environment at the Administrator over the valuation of the investment portfolio and the production of the net asset value for the Company was understood and evaluated through the examination of a controls report opined upon by an independent audit firm. • We assessed the accounting policy for investment valuation for compliance with accounting standards, performed testing to check that the investment valuation had been accounted for in accordance with the stated accounting policy and determined that the accounting policy complied with accounting standards and had been consistently applied.

as such we identified an increased level of inherent uncertainty associated with their valuation.

As disclosed in the Audit Committee Report (page 38) and in notes 2 and 7 to the financial statements, coterminous capital statement information has not been made available by Deloitte, as liquidators, pertaining to the Company's investment in the AllBlue Funds as at 31 December 2018. The Directors have therefore elected to present the year end valuation of the AllBlue Funds on the basis of an internally generated Directors' Valuation, utilising the latest reported audited financial statement information for the AllBlue Funds as at 31 July 2018.

- We audited management's reconciliation of the Company's investment valuation of 1992 Multi-Strategy Fund Corporation to the audited financial statements for 1992 Multi-Strategy Fund Corporation as at 31 December 2018.
- No coterminous financial information was available as at 31 December 2018 for the positions held in the AllBlue Funds, therefore our audit work focused on the judgements exercised by the directors to value these positions as at the year end. We considered the £1.2 million net exposure of the Company to the AllBlue Funds in the context of our overall materiality of £2.3 million and examined the most recently available information, which was independently received from Deloitte as at 31 July 2018.

No misstatements were identified which required reporting to those charged with governance.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Financial Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company and the wider economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

We have no exceptions to report arising from this responsibility.

We have nothing to report in respect of the following matters which we have reviewed:

- the directors' statement set out on page 28 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;
- the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

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

John Roche

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognised Auditor

Guernsey, Channel Islands

12 April 2019

a. The maintenance and integrity of the Highbridge Multi-Strategy Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
b. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	31 December 2018 £	31 December 2017 £
Net (loss)/gain on non current financial assets at fair value through profit or loss	7	(4,784,583)	7,749,988
Net gain on current financial assets at fair value through profit or loss	7	884,640	56,309
Net loss on current financial liabilities at fair value through profit or loss	9	(698,916)	(28,074)
Interest income received		70,710	31,114
Gain/(loss) on foreign exchange		13,849	(28,923)
Operating expenses	3	(643,988)	(653,747)
Comprehensive (loss)/ income for the year		(5,158,288)	7,126,667
Total comprehensive (loss)/ income for the year		(5,158,288)	7,126,667
(Loss)/Earnings per share for the year		**Pence (£)**	**Pence (£)**
Basic and Diluted	5	(5.05)	7.20

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

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

The notes on pages 51 to 69 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	As at 31 December 2018	As at 31 December 2017
NON CURRENT ASSETS		£	£
Unquoted financial assets designated as at fair value through profit or loss	7	224,077,752	203,609,725
CURRENT ASSETS			
Unquoted financial assets designated as at fair value through profit or loss	7	4,510,312	7,365,264
Cash and cash equivalents		1,783,224	23,639,602
Prepayments and receivables	8	29,802	25,965
		6,323,338	31,030,831
CURRENT LIABILITIES			
Unquoted financial liabilities designated as at fair value through profit or loss	9	3,315,422	20,410,162
Sundry accruals and payables		304,740	74,295
		3,620,162	20,484,457
NET ASSETS		226,780,928	214,156,099
EQUITY			
Share Capital	10	-	-
Reserves	11&12	226,780,928	214,156,099
SHAREHOLDERS' EQUITY	12	226,780,928	214,156,099
SHARES IN ISSUE	10	105,391,869	97,500,119
NAV PER SHARE	15	£2.1518	£2.1960

The Financial Statements on pages 47 to 50 and accompanying notes were approved and authorised for issue by the Board of Directors on 12 April 2019 and are signed on its behalf by:

Vic Holmes
Chairman

Steve Le Page
Chairman of the Audit Committee

The notes on pages 51 to 69 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share Capital	Reserves	Total £
Opening Balance		-	214,156,099	214,156,099
Sales of Shares from Treasury	11	-	18,814,352	18,814,352
Off-market purchase of ordinary shares	11	-	(1,031,235)	(1,031,235)
Total comprehensive loss for the year		-	(5,158,288)	(5,158,288)
Balance at 31 December 2018		-	226,780,928	226,780,928

	Notes	Share Capital	Reserves	Total £
Opening Balance		-	219,334,702	219,334,702
Off-market purchase of ordinary shares	11	-	(12,305,270)	(12,305,270)
Total comprehensive income for the year		-	7,126,667	7,126,667
Balance at 31 December 2017		-	214,156,099	214,156,099

The notes on pages 51 to 69 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31DECEMBER 2018

	31 December 2018	31 December 2017
	£	£
Cash flows from operating activities		
Total comprehensive (loss)/income for the period	(5,158,288)	7,126,667
Decrease in unrealised gains on financial assets at fair value through profit or loss	5,565,696	514,446
Increase in unrealised gains on financial liabilities at fair value through profit or loss	(96,956)	(3,511,685)
Realised losses on sales of financial liabilities at fair value through profit or loss	795,872	3,539,759
Realised gains on sales of financial assets at fair value through profit or loss	(1,665,753)	(8,320,743)
Purchase of financial assets	(25,300,000)	-
Proceeds from sale of financial assets	3,786,982	20,954,381
Interest income	(70,710)	(31,113)
Realised exchange losses	-	2,619
Increase in sundry accruals and payables	230,445	8,045
(Increase)/decrease in prepayments and receivables	(3,837)	60,503,344
Net cash flow (used in)/generated from operating activities	(21,916,549)	80,785,720
Cash flows from investing activities		
Interest received	70,710	31,113
Net cashflow generated from investing activities	70,710	31,113
Cash flows from financing activities		
Sales of Shares from Treasury	18,814,352	-
Off-market purchase of shares	(1,031,235)	(12,305,270)
Payments to Cash Exit Creditors	(17,793,656)	(71,426,467)
Net cashflow used in financing activities	(10,539)	(83,731,737)
Cash and cash equivalents at beginning of year	23,639,602	26,554,506
Decrease in cash and cash equivalents	(21,856,378)	(2,914,904)
Cash and cash equivalents at end of year	1,783,224	23,639,602

The notes on pages 51 to 69 form an integral part of these Financial Statements.

1. Accounting policies

(a) Basis of preparation

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

For a detailed discussion about the Company's performance and financial position please refer to the Chairman's Report on pages 4 to 5 and Investment Manager's Report on pages 6 to 9.

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

Assets and liabilities are classified as current if they are expected to be realised within 12 months of the Statement of Financial Position date. Those not expected to be realised within 12 months of the Statement of Financial Position date will be classified as non-current.

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

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

IFRS 9 has been applied retrospectively by the Company and did not result in a change to the classification or measurement of financial instruments as outlined in note 1(j) and 1(k). The Company's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model

(b) Going concern

The Directors believe that the Company has adequate financial resources and as a consequence the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the 12 month period from the approval of the Financial Statements. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

(c) Taxation

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

(d) Expenses

All expenses are accounted for on an accruals basis.

(e) Interest income

Interest income is accounted for on an accruals basis.

f) Cash and cash equivalents

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

(g) Foreign currency translation

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

(h) Segment information

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

(i) Shares

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

(j) Financial Assets

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

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

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

(k) Financial Liabilities (Redemption Liability and Repurchase Portfolio)

Classification - The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. The Company's financial liabilities consist of financial liabilities measured at amortised cost (trade payables and other short-term monetary liabilities) and financial liabilities measured at fair value (the liability payable to cash exit creditors and tender offer creditors being shareholders of the Company that opted to exit the Company and not remain as Shareholders following the appointment of Highbridge as Investment Manager and the Investment into MSF Corp (the "**Redemption Liability**"), together with the liability payable to those shareholders who elected to avail of the Tender Offer (the "**Repurchase Portfolio**" respectively). Please refer to Note 9 for further information. The Redemption Liability and the Repurchase Portfolio value meet the following classification criteria of IAS 32 for Fair Value Through Profit and Loss (FVTPL):

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

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

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

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Fair value hierarchy classification

In determining the level within the fair value of financial assets and financial liabilities hierarchy, set out in IFRS 13, the Directors consider whether inputs to a fair value measurement are observable, and significant to its measurement. This requires judgement based on the facts and circumstances around the published NAV of the underlying funds. The Directors consider the availability of the NAV, at the reporting date, and whether holdings would be redeemable at such a NAV with evidence of redemptions at reporting date. They also consider whether unobservable adjustments, such as liquidity discounts, have been made by the Company. In the event there is any change in the above factors, a transfer between fair value hierarchy levels will be deemed to have occurred at the end of the period and would be disclosed in Note 7.

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

Valuation of investments

In order to assess the fair value of the unquoted non-current and current investments, the NAV of the underlying investments in the Underlying Fund, AllBlue, and AllBlue Leveraged is taken into consideration. The Directors have considered the circumstances surrounding the compulsory redemption of the Company's investments in AllBlue and AllBlue Leveraged. As explained elsewhere (see Note 7 on page 57), as at the time of preparation of these Financial Statements the most recently available NAV for AllBlue and AllBlue Leveraged was as at 31st July 2018. The AllBlue and AllBlue Leveraged interests attributable to the shareholders of the Company comprise a net exposure of 0.5% of the Company's net asset value, and the Company has received back 99.40% of the published net asset value of its holding in AllBlue and AllBlue Leveraged as at the 31st July 2018.

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

The Company's NAV is based on valuations of unquoted investments. As described above, in calculating the NAV and the NAV per Share of the Company, the Administrator relies on the NAVs supplied by the Administrator of the Underlying Fund, AllBlue and AllBlue Leveraged investments. Those NAVs are themselves based on the NAV of the various investments held by the Underlying Fund, AllBlue, and AllBlue Leveraged.

Impairment of financial assets

IFRS 9 Financial Instruments requires the Company to measure and recognise impairment on financial assets at amortised cost based on Expected Credit Losses, replacing IAS 39's incurred loss model. See note 15 on the assessment of impairment of financial assets.

3. Operating Expenses

	1 January to 31 December 2018	1 January to 31 December 2017
	£	£
Administration Fees	112,967	114,948
Directors' remuneration	228,000	200,000
Directors insurance	26,150	53,415
Registration fees	32,057	34,063
Audit fees	35,131	53,794
Legal and Professional fees	26,609	46,856
Other operating expenses	183,074	150,671
Total expenses for the year	643,988	653,747

4. Directors' Remuneration

	31 December 2018 £	31 December 2017 £
Steve Le Page, Chairman Audit Committee	50,000	50,000
Paul Meader, Senior Independent Director (resigned 31 December 2018)	48,000	48,000
Sarita Keen	42,000	42,000
Vic Holmes, Chairman	60,000	60,000
Paul Le Page (appointed 1 May 2018)	28,000	-
	228,000	200,000

The agreed annual directors' fees are shown on page 27. Where applicable, pro rata fees have been paid.

5. (Loss)/Earnings per Share

	1 January to 31 December 2018
Total comprehensive loss for the year	(£5,158,288)
The weighted average number of shares in issue during the year	102,101,247
	Pence (£)
Loss per share	(5.05)

	1 January to 31 December 2017
Total comprehensive income for the year	£7,126,667
The weighted average number of shares in issue during the year	99,015,161
	Pence (£)
Earnings per share	7.20

6. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

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

Highbridge Capital Management, LLC is the investment manager, all investment management fees are levied at the underlying fund level.

Directors' remuneration is disclosed in Note 4.

7. Investments Designated at Fair Value through Profit or Loss

	As at and for the year ended 31 December 2018	As at and for the year ended 31 December 2017
	Total £	**Total £**
UNQUOTED FINANCIAL ASSETS		
Portfolio cost carried forward	212,969,637	189,790,867
Unrealised gain on valuation carried forward	15,618,427	21,184,122
Valuation carried forward	228,588,064	210,974,989
Realised gains on sales and conversions on non - current assets	-	16,654
Realised gains on sales and conversions on current assets	1,665,753	8,304,089
Unrealised loss/(gain) on non – current assets	(4,784,583)	7,733,334
Unrealised loss on current assets	(781,113)	(8.247,780)
Net losses on financial assets at fair value through profit or loss	(3,899,943)	7,806,297

Non current asset reconciliation

	As at and for the year ended 31 December 2018	As at and for the year ended 31 December 2017
	Total £	**Total £**
Opening balance	203,562,335	195,819,170
Purchases of financial assets	25,300,000	-
Sales of financial assets	-	(6,823)
Realised gains on sales and conversions	-	16,654
Unrealised (loss)/gain on valuation	(4,784,583)	7,733,334
Valuation carried forward	224,077,752	203,562,335

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

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

The fair values of the unquoted investments held by the Company are based on the published NAV of the MSF Fund (which is itself based on the NAV of the Underlying Fund), and the most recently available NAV of AllBlue and AllBlue Leveraged. On the basis that the significant input to the fair value of the MSF Fund is observable and no significant unobservable adjustments are made to the valuations, the Company categorises the Underlying Fund as Level 2. As the fair value determination for AllBlue and AllBlue Leveraged as at 31 December 2018 is unobservable, these have been categorised as level 3.

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

	Fair Value as at 31 December 2018 £	Fair Value as at 31 December 2017 £
Financial assets at fair value through profit or loss		
Level 1	-	-
Level 2	224,077,752	203,609,725
Level 3	4,510,312	7,365,264
	228,588,064	210,974,989
Financial liabilities at fair value through profit or loss		
Level 1	-	-
Level 2	(298,379)	(1,016,020)
Level 3	(3,017,043)	(19,394,142)
	(3,315,422)	(20,410,162)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of investments categorised within Level 3 between the beginning and the end of the reporting period:

	2018 £ Financial Assets	2018 £ Financial Liabilities
Balance at beginning of year	7,365,264	(19,394,142)
Acquisitions	-	-
(Disposals)/repayments	(3,786,982)	16,525,784
Net realised gain on valuation for the year	1,665,753	(723,907)
Movement in unrealised losses on valuation	(733,723)	575,222
Balance at end of year	4,510,312	(3,017,043)

Return of Capital from AllBlue and AllBlue Leveraged

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

From the start of the programme, the Company has received redemption proceeds from the AllBlue funds as detailed below.

Sterling Share Class		
Cumulative balance at 31 December 2016	£	687,463,034
07/02/2017	£	5,391,962
28/02/2017	£	303,504
02/03/2017	£	3,920,619
24/03/2017	£	2,443,283
05/05/2017	£	197,068
08/05/2017	£	47,726
29/06/2017	£	7,770,209
Cumulative balance at 31 December 2017	£	707,537,405
04/06/2018	£	3,626,678
TOTAL:	£	711,164,083

US Dollar Share Class		
Closing balance at 31 December 2016	$	41,327,767
07/02/2017	$	298,230
02/03/2017	$	229,941
24/03/2017	$	131,712
05/05/2017	$	15,922
29/06/2017	$	419,655
Closing balance at 31 December 2017	$	42,423,227
04/06/2018	$	213,942
TOTAL:	$	42,637,169

The Company was notified in August 2018 that the BlueCrest funds had appointed liquidators on 11th July 2018, and the appointment of BlueCrest as Investment Manager to the BlueCrest Funds terminated on the same date, although BlueCrest will continue to assist the liquidators during the liquidation process as required. The liquidators advised that the completion of the liquidation and future distributions to investors would be dependent upon the successful realisation of the assets held by the BlueCrest funds. They also advised that further distributions were planned at that time, and the possibility of interim distributions resulting from the future sale of the investments held by the BlueCrest funds would be considered by the them as investments are realised by the BlueCrest funds.

8. Prepayments and Receivables

	31 December 2018	31 December 2017
	£	£
Prepayments	29,802	25,965
	29,802	25,965

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

	Fair Value as at 31 December 2018 £	Fair Value as at 31 December 2017 £
Designated at Fair value through profit and loss at inception:		
Balance at beginning of the year	(20,410,162)	(91,808,556)
Repayments	17,793,656	71,426,467
Realised loss on repayments	(795,872)	(3,539,759)
Change in unrealised gain	96,956	3,511,685
	(3,315,422)	(20,410,162)
Other net changes in fair value on financial liabilities at fair value through profit or loss:		
Realised loss	(795,872)	(3,539,759)
Change in unrealised gain	96,956	3,511,685
Total (losses)	(698,916)	(28,074)

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

Please refer to Note 7 for the IFRS 13 Level 3 reconciliation.

10. Share Capital

Authorised Share Capital

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

Issued	**Total**
Number of shares in issue at 1 January 2017	103,571,119
Purchase of own shares	(6,071,000)
Number of shares in issue at 31 December 2017	97,500,119
Purchase of own shares	(497,000)
Sales of Shares from Treasury	8,388,750
Number of shares in issue at 31 December 2018	105,391,869

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

The total number of Shares in issue, as at 31 December 2018 was 131,627,733 (2017:131,627,733), of which 26,235,864 (2017:34,127,614) Shares were held in treasury, and the total number of shares in issue excluding treasury shares were 105,391,869 (2017:97,500,119).

11. Treasury Shares

The Capital and Reserves disclosure below is intended to highlight the legal nature, under applicable Company Law, of the amounts attributable to Shareholders and also the existence and effect of the Treasury shares held by the Company. This is a supplemental disclosure and not required under IFRS.

As at 31 December 2018	Notes	Ordinary Shares Sterling Share Class £
Capital and Reserves		
Stated capital	10	-
Treasury shares		(52,722,618)
Reserves	12	279,503,546
		226,780,928

TREASURY SHARES RESERVE

	Total £
Balance as at 1 January 2018	70,505,735
Acquired during year	1,031,235
Cancelled during the year	(18,814,352)
Balance as at 31 December 2018	52,722,618

As at 31 December 2017	Notes	Ordinary Shares Sterling Share Class £
Capital and Reserves		
Stated capital	10	-
Treasury shares		(70,505,735)
Reserves	12	284,661,834
		214,156,099

TREASURY SHARES RESERVE

	Total £
Balance as at 1 January 2017	58,200,465
Acquired during year	12,305,270
Cancelled during the year	-
Balance as at 31 December 2017	70,505,735

During the year ended 31 December 2018, the Company issued 8,388,750 shares (31 December 2017: Nil) and the Company bought back 497,000 Sterling shares, at an average price of £2.0745 (31 December 2017: 6,071,000 Sterling shares at an average price of £2.0269).

12. Reserves

	31 Dec 2018 Ordinary Shares Sterling Share Class £
Balance as at 1 January 2018	284,661,834
Comprehensive loss attributable to Shareholders	(5,158,288)
Balance as at 31 December 2018	279,503,546

	31 Dec 2017 Ordinary Shares Sterling Share Class £
Balance as at 1 January 2017	277,535,167
Comprehensive income attributable to Shareholders	7,126,667
Balance as at 31 December 2017	284,661,834

13. Financial Instruments

The Company's main financial instruments at the year end comprised:

(a) Cash and cash equivalents (including money market investments) that arise directly from the Company's operations; and

(b) Shares held in MSF Corp, AllBlue and AllBlue Leveraged;

14. Financial Risk Management Objectives and Policies

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

So far as the Company is concerned, the only risk over which the Board can exert direct control is liquidity risk through its ability to issue shares or to exercise redemption rights in MSF Corp for the purpose of meeting share buy backs and ongoing expenses of the Company. However, redemptions are restricted to 25% of the Company's holding in MSF Corp on any quarterly redemption date and there are various circumstances under which MSF Corp can further restrict redemptions. In addition, the Directors may only issue shares if they are trading at a premium to NAV and to satisfy market demand. Accordingly, since the change of investment policy and the appointment of Highbridge as Investment Manager, the Company has held a modest cash reserve to cover its running costs. Additionally, proceeds available from its money market investments, and the AllBlue and AllBlue Leveraged funds as well as the possibility of redeeming from MSF Corp enable the Company to meet its liabilities as they fall due. Thereafter the Board recognises that the Company has, via its holding of shares in MSF Corp an indirect exposure to the risks summarised below.

It must also be noted that there is little or nothing which the Board can do to manage each of the following risks within MSF Corp or the investments in which MSF Corp invests under the current investment objective of the Company. With regard to the recoverability of the investment in respect of the AllBlue and AllBlue Leveraged funds, the Company is now reliant on the liquidators of the BlueCrest funds to return the remaining capital to investors.

Details of the Company's investment objective and policy are given in Note 13(f) to the Financial Statements and details of the MSF Corp investment objective and policy are given on page 12.

(a) Market Risk

Price Risk

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

Price sensitivity

The Company invests substantially all its assets in MSF Corp and does not undertake any structural borrowing or hedging activity at the Company level. Its performance, therefore, is principally directly linked to the NAV of MSF Corp, which invests solely in the Underlying Fund. The Underlying Fund holds a large number of positions in listed and unlisted securities.

At 31 December 2018, if the NAV of the underlying investments had been 10% higher/lower with all the other variables held constant, the shareholders' equity as at 31 December 2018 would have increased/decreased by £22,527,264 (31 December 2017: increase/decrease of £19,051,744) This change arises due to the net increase/ decrease in the fair value of financial assets and financial liabilities at fair value through profit or loss.

Currency Risk

The Company is not exposed directly to material foreign exchange risk as the sterling denominated Shares in the Company are directly invested in Sterling hedged shares of MSF Corp.

Interest Rate Risk

The prices of securities tend to be sensitive to interest rate fluctuations. Unexpected fluctuations in interest rates could cause the corresponding prices of long positions and short positions adopted to move in directions which were not originally anticipated. Generally, an increase in interest rates will increase the carrying values of investments. However, the Company's investments and liabilities designated as at fair value through profit or loss are non interest bearing, and therefore are not directly exposed to interest rate risk. The Company's own cash balances are not materially exposed to interest rate risk as cash and cash equivalents are held on floating interest rate terms and the Company does not rely on income from bank interest to meet day to day expenses.

(b) Credit Risk

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

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

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

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2018 and 31 December 2017, all other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum exposure to credit risk, excluding any credit exposures in the MSF Corp, AllBlue and AllBlue Leveraged before any credit enhancements at 31 December 2018 is the carrying amount of the financial assets as set out below:

	2018	2017
	£	£
Cash at bank	219,977	672,534
Cash held in money market fund	1,563,247	22,967,068
	1,783,224	23,639,602

(c) Liquidity Risk

In order to realise its investment in MSF Corp, the Company generally may, as of any calendar quarter-end, upon at least 65 days' prior written notice to the administrator of MSF Corp, redeem up to, but not exceeding, 25% of the number of MSF Corp shares issued to the Company upon each subscription. Redemption proceeds may be paid in cash or, at the discretion of MSF Corp, in kind. In addition, MSF Corp is not required to permit redemptions of more than 10% of the aggregate net asset value of the participating shares of MSF Corp as of any redemption date. If the redemption requests for a particular redemption date exceed 10% of the aggregate net asset value of the participating shares of MSF Corp, MSF Corp may limit redemptions to 10% of the aggregate net asset value of the participating shares and determine that all redeeming investors will receive a prorated redemption.

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

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

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

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

The residual investments in AllBlue and AllBlue Leveraged funds are known to be mostly concentrated in a single illiquid position which BlueCrest was attempting to sell. During the year, the position remained unsold and a liquidator was appointed to manage the wind down of both funds. Future valuations of the BlueCrest funds will be semi annually and at the discretion of the liquidator. The valuation movements may be substantial but the impact on the NAV of the Company's shares will be mitigated by the fact that the Company 0.5% of its net asset value exposed to the BlueCrest funds.

The investment in MSF Corp is treated as realisable within 12 months because the Company has the right to redeem its holding, although it has no intention to do so. The creditor interests in the AllBlue funds are treated as not realisable in 12 months as the liquidators have indicated that repayment of these amounts in unlikely in that time period

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

	1-3 Months £	**3-12 Months** £	**More than 1 year** £	**Total** £
As at 31 December 2018				
Assets				
Unquoted Financial assets designated at fair value through profit and loss	-	224,077,752	4,510,312	228,588,064
Cash and cash equivalents	1,783,224	-	-	1,783,224
Liabilities				
Unquoted Financial liabilities designated at fair value through profit and loss	-	(3,315,422)	-	(3,315,422)
Security purchased payable	(239,824)	-	-	(239,824)
Accrued expenses	(64,916)	-	-	(64,916)

As at 31 December 2017	1-3 Months £	3-12 Months £	More than 1 year £	Total £
Assets				
Unquoted Financial assets designated at fair value through profit and loss	-	7,365,264	203,609,725	210,974,989
Cash and cash equivalents	23,639,602	-	-	23,639,602
Liabilities				
Unquoted Financial liabilities designated at fair value through profit and loss	-	-	(20,410,162)	(20,410,162)
Accrued expenses	(74,295)	-	-	(74,295)

(d) Leverage by MSF Corp and by funds underlying AllBlue Funds

Similarly, MSF Corp may also invest with leverage, may borrow and engage in margin transactions. Such leverage may take a variety of forms, including margin loans by MSF Corp's prime brokers for the purchase or sale of securities and implicitly as a result of low margin requirements, certain futures contracts and other derivative investments. The positions maintained by MSF Corp are in aggregate value likely to be in excess of its NAV. This leverage represents the potential for a higher rate of total return but will also increase the volatility of MSF Corp and present the risk of a total loss of the amount invested in MSF Corp.

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

The following table analyses the Company's assets and liabilities (by class) not measured at fair value at 31 December 2018 and 2017 but for which fair value is disclosed.

	2018 £	2017 £
Assets		
Prepayments and Receivables	29,802	25,965
Cash and Cash Equivalents	1,783,224	23,639,602
	1,813,026	23,665,567

	2018 £	2017 £
Liabilities		
Sundry accruals and payables	304,740	74,295
	304,740	74,295

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

(f) Capital Management

The Company's investment objective is to seek to provide consistent returns with low volatility through an investment policy of investing substantially all of its assets in MSF Corp.

As the Company’s Ordinary Shares are of no par value, distributions are not paid and the Law does not require the maintenance of a Share premium account, the Directors regard the otherwise distributable reserves of the Company to be its capital for the purposes of this disclosure. Capital for the reporting year under review is summarised in Note 10 to these Financial Statements.

At the last AGM held pursuant to section 199 of the Law, the Directors were granted authority to buy back up to 14.99% of the Ordinary Shares in issue. The Company's authority to make purchases of its own issued Ordinary Shares will expire at the conclusion of the next AGM of the Company to be held pursuant to section 199 of the Law and renewal of such authority will be sought at the next AGM. The timing of any purchases will be decided by the Board.

The Directors intend that purchases will only be made pursuant to this authority through the market, for cash, at prices below the prevailing NAV per Share where the Directors reasonably believe such purchases will be of material benefit to the Company.

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

There are no provisions of the Law which confer rights of pre-emption in respect of the allotment of Shares but there are pre-emption rights contained in the Articles. The Directors have, however, been granted the power to issue up to 10.076 million further Shares on a non pre-emptive basis for a period concluding on 31 December 2019, by a special resolution of Shareholders passed on 2nd August 2018, unless such power is previously revoked by the Company's Shareholders in a general meeting pursuant to section 199 of the Law. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at each AGM of the Company.

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

15. Net Asset Value per Share

The NAV per share per the Financial Statements is equal to the published NAV per share in the current year. The published NAV per share for Sterling share class was £2.1518 at 31 December 2018 (31 December 2017: £2.1960) which represents the NAV per share attributable to shareholders in accordance with the Prospectus.

16. Events After the Year End

Subsequent to the Statement of Financial Position date, the Company bought back 561,000 Sterling shares, at an average price of £2.09 per share. On 15 March 2019 the Directors decided to appoint Praxis Fund Services Limited as Administrator and Secretary in place of JTC Fund Solutions (Guernsey) Limited. The change is expected to be with effect from 31 May 2019. On the 31 of March 2019, a redemption request was placed for the sum of £10 million from the Underlying Fund.

SCHEDULE OF INVESTMENTS

Unaudited Schedule of Investments as at 31 December 2018

Investment Assets	NOMINAL HOLDINGS	VALUATION SOURCE CURRENCY	VALUATION £	TOTAL NET ASSETS %
Securities Portfolio				
*1992 Multi-Strategy Fund Corporation – Class F Series N – RF/Mar 16	184,339	£199,656,162	£199,656,163	88.04%
*1992 Multi-Strategy Fund Corporation – Class F- Series N – RF/Apr18	12,890	£12,431,346	£12,431,346	5.48%
*1992 Multi-Strategy Fund Corporation – Class F- Series N – RF/Jun18	990	£941,719	£941,719	0.42%
*1992 Multi-Strategy Fund Corporation – Class - Series N – RF/Jul 18	5,370	£5,141,874	£5,142,874	2.27%
*1992 Multi-Strategy Fund Corporation – Class F Series N – RF/Aug18	2,400	£2,307,298	£2,307,298	1.01%
*1992 1992 Multi-Strategy Fund Corporation – Class – RF/Dec 18	3,650	£3,548,352	£3,598,352	1.59%
			£224,077,752	98.81%
AllBlue Limited Sterling Share	11,144	£3,501,805	£3,501,804	1.54%
AllBlue Limited US Dollar Shares	809	$254,556	£199,589	0.09%
AllBlue Leveraged Feeder Limited Sterling Shares	2,040	£808,919	£808,919	0.36%
			£4,510,312	1.99%
			£228,588,064	100.80%

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

Unaudited Schedule of Investments as at 31 December 2017

Investment Assets	NOMINAL HOLDINGS	VALUATION SOURCE CURRENCY	VALUATION £	TOTAL NET ASSETS %
Securities Portfolio				
*1992 Multi-Strategy Fund Corporation Class F Series N - RF/Mar 16	184,339	£203,609,725	£203,609,725	95.07%
			£203,609,725	95.07%
AllBlue Limited Sterling Share	21,088	£5,712,460	£5,712,460	2.67%
AllBlue Leveraged Feeder Limited Sterling Shares	3,965	£1,345,582	£1,345,582	0.63%
AllBlue Limited US Dollar Shares	1,534	$415,149	£307,222	0.14%
			7,365,264	3.44%
			£210,974,989	98.51%

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

HIGHBRIDGE MULTI-STRATEGY FUND LIMITED
(*a closed-ended investment company incorporated with limited liability under the laws of Guernsey with registration number 44704*)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting (the "**AGM**") of the shareholders of Highbridge Multi-Strategy Fund Limited (the "**Company**") will be held at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA, Channel Islands on Friday, 2 August 2019 at 10.00 a.m. to consider and, if thought fit, pass the following resolutions:

ORDINARY BUSINESS: TO BE PROPOSED AS ORDINARY RESOLUTIONS

1. To receive the annual financial report of the Company for the year ended 31 December 2018.

2. To re-appoint PricewaterhouseCoopers CI LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting to be held in 2020 under section 199 of The Companies (Guernsey) Law, 2008, as amended (the “**Law**”) and to authorise the directors to determine its remuneration.

3. To re-elect as a director Mr Vic Holmes.

4. To re-elect as a director Miss Sarita Keen.

5. To re-elect as a director Mr Steve Le Page.

6. To re-elect as a director Mr Paul Le Page.

SPECIAL BUSINESS: TO BE PROPOSED AS AN ORDINARY RESOLUTION

7. That, in replacement for all previous authorities, the Company be authorised, in accordance with section 315(1)(a) of the Law, to make market purchases (within the meaning of section 316 of the Law) of ordinary shares of no par value each (“**Shares**”) in the capital of the Company, and to cancel such Shares or hold such Shares as treasury shares, provided that:

    (i) the maximum number of Shares hereby authorised to be purchased shall be up an aggregate of 15,714,147 Shares or such number as shall represent 14.99 per cent. of each class of Shares in issue on the date on which this resolution is passed, whichever is less (in either case excluding Shares held in treasury);

    (ii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to 105 per cent. of the average of the middle market quotations for a Share (as derived from the Daily Official List of the London Stock Exchange Plc) for the five business days immediately preceding any such purchase and (b) the price of the last independent trade and highest current independent bid on the London Stock Exchange when the purchase is carried out, provided that the Company shall not be authorised to acquire Shares at a price above the estimated prevailing net asset value per Share on the date of purchase; and

    (iii) the minimum price which may be paid for a Share shall be one penny;

    and that the authority conferred by this resolution shall expire on the earlier of 31 December 2020 or the date of the next annual general meeting of the Company (save that the Company may, prior to such expiry, enter into a contract to purchase Shares, which trade may be executed wholly or partly after such date).

SPECIAL BUSINESS: TO BE PROPOSED AS A SPECIAL RESOLUTION

8. That the pre-emption rights granted to Shareholders pursuant to article 12(2) of the Articles of Incorporation of the Company (the "**Articles**") shall not apply in respect of the issue or sale out of treasury to any person or persons of equity securities (as defined in the Articles) up to a number not exceeding the lesser of 10,483,086 Shares or such number as shall represent 10% of the Company's issued share capital at the time of issue of the equity securities AND that this dis-application of such pre-emption rights shall expire on the earlier of 31 December 2020 or the date of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be issued pursuant to any such offer or agreement as if the power hereby conferred had not expired.

9. That, in order to allow the Company to distribute accounts by means of a website, the articles of incorporation of the Company be deleted in their entirety and replaced with the articles of incorporation produced to the meeting.

By order of the board

JTC Fund Solutions (Guernsey) Limited
Secretary

Registered Office: Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT

12 April 2019

Glossary

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

“AGM” means Annual General Meeting.

“AIFM” means Alternative Investment Fund Manager.

“AIFMD” means the Alternative Investment Fund Managers Directive.

“AIC” means the Association of Investment Companies, of which the Company is a member.

“AIC Code” means the AIC Code of Corporate Governance for Guernsey domiciled investment companies.

“AllBlue Leveraged” means AllBlue Leveraged Feeder Limited.

“AllBlue” means AllBlue Limited.

“Articles” means the Articles of Incorporation of the Company.

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

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

“BlueCrest” means BlueCrest Capital Management Limited.

“Board” means the Board of Directors of the Company.

“Business Day” means any day on which banks are open for business in the Cayman Islands, United Kingdom and/or Guernsey and/or such other place or places as the Directors may from time to time determine.

“Company” means Highbridge Multi-Strategy Fund Limited.

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

“HFRI Fund of Funds Diversified Index”. This hedge fund of funds index is produced by Hedge Fund Research Inc. It includes fund of funds classified as 'Diversified' which exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the HFRI FOF Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets. The index is USD denominated.

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

“GFSC Code” means the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance.

“Highbridge” or the “Investment Manager” means Highbridge Capital Management, LLC.

“MSF Corp” means 1992 Multi-Strategy Fund Corporation, an exempted company incorporated with limited liability in the Cayman Islands.

“ICS” means the Institutional Cash Series plc (“**ICS**”) (an umbrella investment company with variable capital and having segregated liability between its funds).

“IFRS” means the International Financial Reporting Standards as adopted by the European Union.

“JPMAM” means JP Morgan Asset Management.

“JTCFSL”, the “Secretary” or the “Administrator” means JTC Fund Solutions (Guernsey) Limited.

“Law” means the Companies (Guernsey) Law 2008 (as amended).

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

"Shares" means the Sterling Shares of the Company in issue.

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

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

"Underlying Fund" means 1992 Multi-Strategy Master Fund, L.P., the multi-strategy fund managed by Highbridge into which the Company invests substantially all of its assets, via its investment in Class F shares of 1992 Multi-Strategy Fund Corporation. On 10 July, 2017, the name of Highbridge Capital Corporation was changed to 1992 Multi-Strategy Fund Corporation. This name change was required in order for the fund to meet a certain exemption under the Volcker Rule, which required that the fund not share the name with JP Morgan Chase & Co. or any of its affiliates, including Highbridge Capital Management, LLC

"UKLA" means United Kingdom Listing Authority.

"VaR" means Value at Risk.

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

"VIX" is an index that is published by the Chicago Board Options Exchange that provides a rolling estimate of the volatility of the S&P500 index in 30 days' time.

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

Directors and Service Providers

Directors Vic Holmes Steve Le Page Paul Le Page (appointed 1 May 2018) Sarita Keen Paul Meader (resigned 31 December 2018)	**Registered Office of the Company** Ground Floor, Dorey Court Admiral Park St Peter Port Guernsey GY1 2HT Telephone +44 (0)1481 702400
Administrator and Secretary JTC Fund Solutions (Guernsey) Limited Ground Floor Dorey Court St Peter Port Guernsey GY1 2HT Telephone +44 (0)1481 702400	**Registrar, Paying Agent and Transfer Agent** Anson Registrars Limited PO Box 426 Anson House, Havilland Street, St Peter Port, Guernsey GY1 3WX
UK Transfer Agent Anson Registrars (UK) Limited 3500 Parkway Whiteley, Hampshire England PO15 7AL	**Auditor** PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
Investment Manager and AIFM Highbridge Capital Management LLC 40 West 57th Street – 32nd Floor New York NY10019	**Investor and Public Relations** J.P. Morgan Asset Management 60 Victoria Embankment London EC4Y 0JP
Corporate Brokers Peel Hunt Moor House 120 London Wall London EC2Y 5ET	**Corporate Brokers** Fidante Capital 1 Tudor Street London England EC4Y 0AH
Advocates to the Company as to Guernsey Law Mourant Ozannes PO Box 186 Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4HP	 Carey Olsen P.O. Box 98 Carey House, Les Banques St Peter Port Guernsey GY1 4BZ
Solicitors to the Company as to English Law Herbert Smith Freehills LLP Exchange House Primrose Street London England EC2A 2EG	**Investor Liaison** Capital Access Group Sky Light City Tower 50 Basinghall Street London England EC2V 5DE