



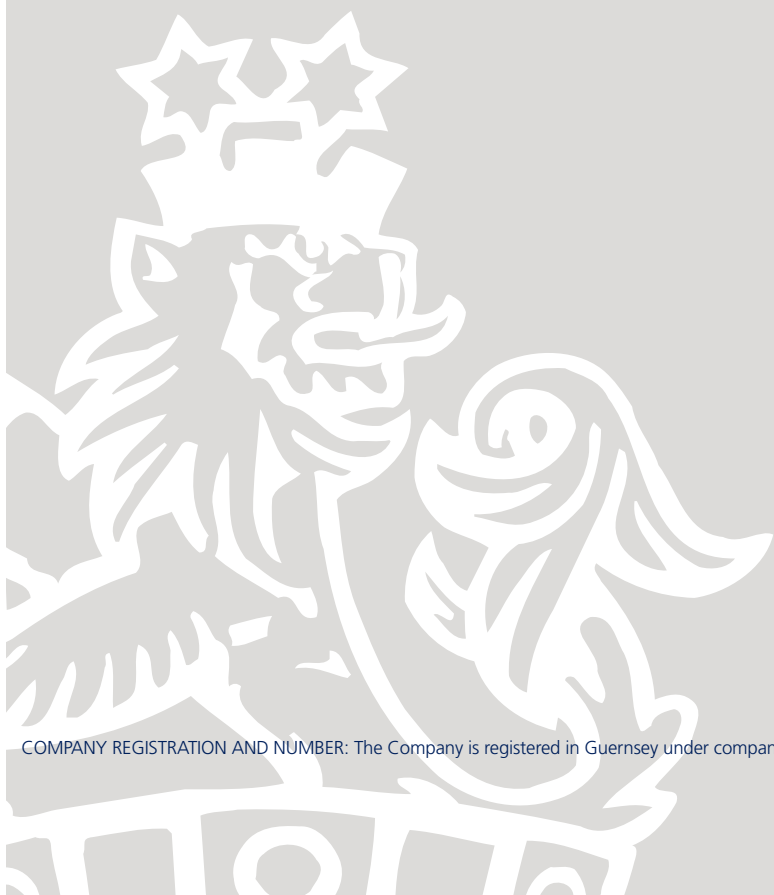
HANSA HARBOUR FUND

**HANSA**, *conserving capital  
at points of market distress*



**Annual Report (Audited)**  
For the year ended  
31 December 2023

**2023**



COMPANY REGISTRATION AND NUMBER: The Company is registered in Guernsey under company number 34312.

<b>2 Chairman's Statement</b>
<b>3 Alternative Investment Fund Managers Directive</b>
<b>4 Fund's Policies and Structure</b>
<b>5 Manager's Report</b>
<b>9 Portfolio Statement</b>
<b>10 Directors and Directors' Report</b>
10 The Board
11 Report of the Directors
<b>13 Custodian's Report</b>

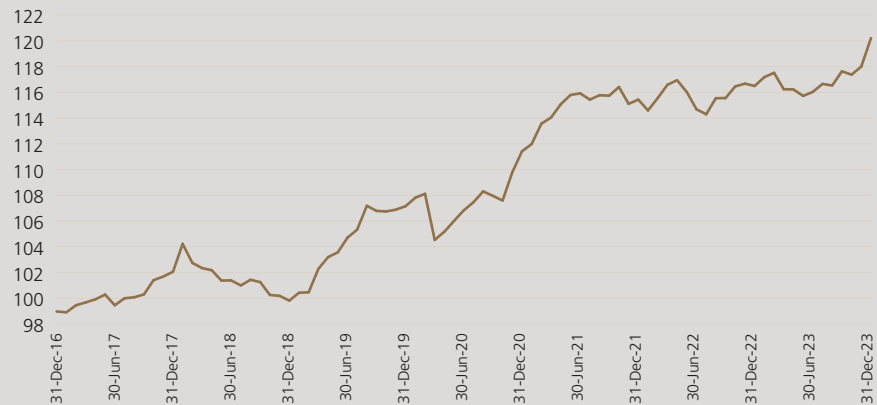
<b>14 Independent Auditors' Report to the Shareholders of Hansa Harbour Fund</b>
<b>17 Financial Statements</b>
17 Statement of Financial Position
18 Statement of Comprehensive Income
19 Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares
20 Cash Flow Statement of the Fund
21 Notes to the Financial Statements
<b>30 Management and Administration</b>

	31 December 2023	31 December 2022	Returns
Amounts due to Shareholders*	\$156,618,927	\$151,640,262	–
Price per share	\$120.21	\$116.36	3.31%
Performance benchmark#	5.0%	0.9%	–

\*Amounts due to Shareholders reflect the Net Asset Value of Hansa Harbour Fund ("the Fund") and includes those amounts due to Participating Redeemable Preference Shareholders. See Statement of Financial Position and Notes 7 and 8 to the accounts.

# The Benchmark return is 0.75% per annum in excess of a 60:40 composite of the JPM Cash US 3 Month TR USD Index and the JPM Cash EU 3 Month TR EUR Index, the full description of which may be found in the latest Offering Memorandum. Performance disclosed is for the 12 months ended 31 December.

#### SHARE PRICE PERFORMANCE SINCE LAUNCH (US\$)



Performance	2023	2022	2021
Portfolio Gross Time-Weighted Return (USD)	4.1%	2.0%	4.8%
Performance Benchmark	5.0%	0.9%	0.7%
Bloomberg Global Treasury TR (Unhedged)	4.2%	(17.5%)	(6.6%)
JP Morgan 3 Month USD TR Cash	4.8%	0.3%	0.3%

# Chairman's Statement

During the year the share price of Hansa Harbour Fund ("the Fund") increased by 3.3% to \$120.21. Over the same period the Fund's benchmark, which is a composite of US and Eurozone rates of inflation and therefore absolute in nature, increased by 5.0% whilst the Bloomberg Global Treasury (USD) Index increased by 4.2%, government bonds having performed strongly in the latter part of the year as markets priced in a falling interest rate environment. Since inception the Fund has outperformed global treasuries by 45% due largely to its significant allocation to alternative defensive asset classes, while treasuries have suffered from rising rates during that period.

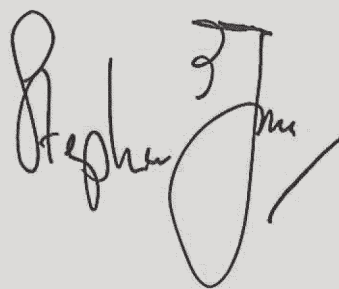
Asset markets generally continue to be volatile as a result of the uncertain course of inflation, and the resultant dynamic with interest rates and the global growth outlook. In this environment the positive return experienced by Harbour, and particularly the steady manner in which its return has been produced has been a good outcome. Recently, global economies and particularly the US have displayed strong resilience, despite facing the highest interest rate environment for fifteen years. This resilience, together with inflation looking as though it is likely to remain above central banks' targets for a little longer, has led to a softening of the speed with which commentators now expect interest rate cuts to take place in 2024.

On the geopolitical front, the horrific attacks by Hamas against Israel on 7 October 2023 and tragic human toll arising from the sustained retaliatory action have drawn some of the global spotlight away from the conflict in Ukraine, which itself appears to have no obvious end in sight. For the time being the conflict in Israel appears to be largely contained, as both direct and proxy participants mostly seem keen to avoid escalation. Perhaps more significantly for the global economy, Houthi rebels from Yemen have used the conflict as justification to increase attacks against ships in the Red Sea, which has started to reshape shipping flows despite retaliatory strikes by the US and UK militaries.

In the report that follows, the Investment Manager provides a detailed explanation of the performance of the Fund in 2023 and offers their thoughts on the outlook for 2024.

I reported last year that the Fund's Investment Manager became a signatory to the Principles of Responsible Investment ("PRI"), an independent body supported by the United Nations and the leading proponent of responsible investment. I'm pleased to report that in its first Assessment Report the Investment Manager is shown to be outperforming the PRI Median in seven of the nine reported categories, which reflects the real commitment being shown by the Investment Manager in putting ESG matters at the forefront of its asset allocation process. Further details on their approach to responsible investing can be found on its web-site: [www.hansagr.com](http://www.hansagr.com).

I continue to thank shareholders for their support as we work alongside the Investment Manager as it seeks to execute its long-term investment objective of capital preservation and low correlation to other asset classes.



Stephen Jones OBE  
Chairman

# Alternative Investment Fund Managers Directive

In accordance with the Alternative Investment Fund Managers Directive (the "Directive"), the Manager in its capacity as Alternative Investment Fund Manager ("AIFM") is required to disclose specific information in relation to the following aspects of the Fund's management.

## LEVERAGE AND BORROWING

Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives.

Exposure is defined in two ways, the "Gross method" and the "Commitment method", the AIFM ensures that the Fund, in line with the investment policies outlined in the Offering Memorandum, does not exceed maximum exposures under both methods.

Gross method exposure is calculated as the sum of all positions of the Fund (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

Commitment method exposure is also calculated as the sum of all positions of the Fund (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the Gross method, the following has been excluded:

- The value of any cash and cash equivalents which are highly liquid investments held in the base currency of the Fund that are readily convertible to a known amount of cash, and that is subject to an insignificant risk of changes in value;
- Cash borrowings that remain in cash and cash equivalent as defined above and where the amounts of that payable are known should be excluded from the calculation.

The total amount of leverage calculated as at 31 December 2023 is as follows:

Gross method: 0.95:1 (2022: 0.96:1)

Commitment method: 1.00:1 (2022: 1.00:1)

## LIQUIDITY

In order to manage the liquidity of the Fund, the AIFM is not obliged to redeem more than 10% of the total shares in issue of the Fund on any dealing day and any redemption requests in excess of this will be satisfied on a pro rata basis. This policy has been applied consistently throughout the review period and as a result the AIFM has not introduced any new arrangements for managing the Fund's liquidity.

## RISK MANAGEMENT POLICY NOTE

Please refer to note 17, Financial instruments, in the Notes to the Financial Statements on pages 26 to 28, where the current risk profile of the Fund and the risk management systems employed by the AIFM to manage those risks, are set out.

## REMUNERATION

In line with the requirements of the Directive, the AIFM is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the Directive.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior management and staff is in line with the risk policies and objectives of the alternative investment funds it manages.

The fixed remuneration paid by the AIFM to its senior management and staff in respect of all funds that it manages for the financial year ended 31 March 2023 was US\$1,005,236 (2022: US\$659,137) and was shared amongst 7 members of senior management and staff. The financial year of the Fund ran from 1 January 2023 to 31 December 2023, whereas the financial year of the AIFM runs from 1 April to 31 March. The above figures are taken from the financial report of the AIFM for the year ended 31 March 2023. All 7 AIFM senior management and staff were fully or partially involved in the activities of the Fund. The variable remuneration paid by the AIFM to its senior management and staff in respect of all funds that it manages for the financial year ended 31 March 2023 was US\$680,043 (2022: US\$202,037). The AIFM senior management and staff remuneration is established with reference to the market remuneration of each equivalent position and is not linked to the performance of the Fund or any other fund the AIFM is the AIFM of. None of the AIFM's senior management and staff's actions had a material impact on the risk profile of the Fund.

# Fund's Policies and Structure

## INVESTMENT POLICY AND BENCHMARKS

The investment objective of the Fund is to both help preserve capital at points of market distress and to have a generally lower correlation with other asset classes, especially equities.

The Fund invests in a wide range of assets and their derivatives such that it meets its investment objectives of preserving capital and the investment in assets with lower correlations. Typically this is through the investment in funds or by direct investments.

## DISTRIBUTION POLICY

The Fund distributes substantially all of its net income (if any) by way of an annual dividend. Unless requested by Shareholders, dividends will be reinvested and applied in acquiring additional Shares at prices prevailing on the next Dealing Date after the due date for the payment of dividends has been announced.

The Company on behalf of the Fund did not declare or pay a distribution in respect to the year ended 31 December 2023 (2022: US\$ Nil).

## CAPITAL STRUCTURE

At 31 December 2023 the Fund had 1,302,859.40 (2022: 1,303,184.14) US\$0.01 Participating Redeemable Preference Shares in issue.

Participating Redeemable Preference Shares carry limited voting rights.

Participating Redeemable Preference Shares carry the right to receive distributions out of the income of the Fund in such amounts and at such times that the Directors shall determine, and to receive a distribution on a return of capital of the assets of the Fund on a winding up, in proportion to the number of Shares held.



# Manager's Report

## PORTFOLIO PERFORMANCE

Risk assets performed well over the quarter with global equity markets being the driving force behind this. Most major developed markets gained while emerging markets were more subdued, but still positive, and frontier markets declined. China drove a significant part of the EM index underperformance, declining due to weak economic growth, with the conflict in the Middle East also a drag. Amongst the more defensive assets, government bonds also performed strongly over the quarter. The main driver of this was the perceived shift in monetary policy direction with falling rates traditionally a good environment for owning government bonds as yields decline. Corporate bonds rallied on the hopes that a deep recession, or hard landing, could be averted. Quarterly returns in US and European investment grade credit were the strongest since Q3 in 2009 with the rally extending across all sectors. The US dollar broadly weakened as investors decided the Fed was likely to be the first to cut rates. Commodities were down over the quarter mainly due to oil and natural gas prices sharply declining.

Against this background, the portfolio delivered a return of 2.3% during the quarter leaving it up 4.1% over the whole year and 11.3% over three years. Its quarterly performance was ahead of the 1.5% gain of the Performance Benchmark and the 1.4% return from the cash index but behind the 8.1% increase in the Bloomberg Global Treasury index. The portfolio's return for the year-to-date is slightly behind the Performance Benchmark's 5.0% gain, the 4.8% increase in the cash index and the Global Treasury index which returned 4.2%. However, since inception the portfolio has returned 30.5%, significantly ahead of both the Performance Benchmark (22.7%) and the Global Treasury Index (-10.0%). We view this as a major success with the fund set up to act as an alternate defensive asset at a time when we were becoming increasingly concerned about the ability for government bonds to fulfil this role.

With falling yields during the quarter, the diversifying fixed income holdings delivered gains, with the **Vanguard US Government Bond Index Fund** up 5.5%, **Brevan Howard Absolute Return Government Bond Fund** up 3.6% and **Apollo Total Return Fund** up 1.6%. **Lazard Convertible Global** was up 5.8%, with **BioPharma Credit** up 2.8%. Convertible bonds performed particularly strongly in the final quarter of the year buoyed by the prospect of interest rate cuts. New issuance was particularly high with the amount issued in 2023 almost double that of 2022. The annual returns for these holdings was 4.1%, 0.4%, 8.4%,

10.2% and -0.5%. BioPharma Credit had an issue with its loan to LumiraDX this year that spooked investors. The company needed to refinance its debt but was overleveraged and difficult equity markets meant it wasn't able to issue new shares. The manager in effect forced the company to sell itself to Roche which should mean the manager ends up with all of its money back when the sale completes later in 2024.

Of the two macro trading funds, **MKP Opportunity** gained 3.0% while **Hudson Bay** increased by a modest 0.2%. Both are up for the year, by 1.0% and 4.8%, respectively. The trend-following CTA funds had a weak quarter, with **GAM Systematic Core Macro** down 1.1% and **Schroder GAIA BlueTrend** falling 3.1%. The unexpectedly bullish equity markets seen this quarter proved to be a difficult environment for the funds. Their returns over the year have varied more significantly with the GAM fund gaining 1.1% while the BlueTrend fund has fallen 9.0%. The event-driven fund **Global Event Partners** delivered a gain of 4.5% this quarter, leaving it up 9.2% over the year.

**Selwood AM – Liquid Credit Strategy** has been one of the strongest performing holdings this year. The fund was up 2.6% this quarter taking it to a gain of 20.3% over the year. This manager specialises in trading investment grade credit default swaps (CDXs) which are a type of insurance against corporate defaults. The fund normally sells the CDX index and then buys put options to hedge their exposure creating a long/short position. The COVID pandemic and then the increased likelihood of a recession in 2022 created a good environment for selling CDXs as the implied higher risk of investment grade default led to higher spreads which increase the coupon the manager receives for selling the protection.

**Nephila Iron Catastrophe Fund Ltd** is a fund that specialises in investing in catastrophe risk, predominantly in US property risk which pays the widest spreads. Catastrophe risk is seen as a more hazardous part of the insurance industry with much higher potential tail risk losses than auto, theft or life insurance. There is also no natural counterparty for catastrophe risk so healthy risk premiums are required to attract capital. Nephila is able to differentiate themselves through their high data quality which is vital for pricing risk. The insurance industry became significantly more interesting to us in 2023 due to a lack of capital in the sector as investors withdrew capital after years of poor returns and a larger than expected number of natural disasters. This pushed the premiums paid for the insurance up to a point that became attractive to us. The fund gained 4.6% this quarter and finished the year up 19.4%.

# Manager's Report

## Continued

### INVESTMENT PORTFOLIO PERFORMANCE for the year ended 31 December 2023

Asset Allocation <sup>(i)</sup>	Portfolio weight as at 31 December 2023 %	2023 Portfolio Return %	2023 Index Returns <sup>(i)</sup> %
Global Bonds	30.6	7.4	4.2
Macro Trading Funds	21.6	3.4	(0.6)
Other Diversifying Hedge Funds	13.8	(1.1)	4.2
CTA Funds	11.1	(3.9)	(3.3)
Event-Driven Funds	9.5	9.2	10.4
Equity Market Neutrals	5.3	11.2	8.1
Index-Linked	3.3	(8.3)	4.2
Cash/Liquidity Funds	4.8	12.4	4.8

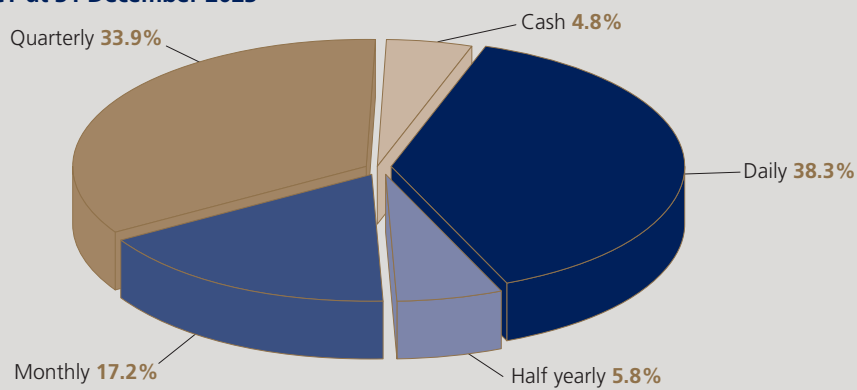
(i) Appropriate industry-recognised indices used for comparison purposes.

The performance and contribution to the overall portfolio of the underlying assets are shown in the table below:

	Contribution %	Performance %	Gain/(Loss) US\$m
Selwood AM – Liquid Credit Strategy	1.3	20.3	2.0
Nephila Iron Catastrophe Fund Ltd	1.0	19.4	1.5
Global Event Partners Ltd	0.8	9.2	1.3
Hudson Bay International Fund Ltd	0.7	4.8	1.0
Prana Absolute Return Fund	0.6	11.2	0.8
Apollo Total Return Fund	0.5	8.4	0.8
Lazard Convertible Global	0.2	10.2	0.2
Vanguard US Government Bond Index Fund	0.1	4.1	0.2
MKP Opportunity Offshore Fund Ltd	0.1	1.0	0.1
GAM Systematic Core Macro (Cayman) Fund	0.0	1.1	0.1
Brevan Howard Absolute Return Government Bond Fund	0.0	0.4	0.0
BioPharma Credit PLC	(0.0)	(0.5)	(0.0)
CG Portfolio Dollar Fund	(0.3)	(8.3)	(0.5)
Schroder GAIA BlueTrend	(0.7)	(9.0)	(1.0)
Keynes Dynamic Beta Strategy (Offshore) Fund Limited	(0.8)	(8.8)	(1.2)
<b>TOTAL</b>	<b>3.5</b>		<b>5.3</b>



**DEALING FREQUENCY at 31 December 2023\***



\*Frequency at which underlying investments trade. Does not include notice periods, lock-up periods or settlement terms.

# Manager's Report

## Continued

### PORTFOLIO ACTIVITY for the year ended 31 December 2023\*

There were purchases of \$9.1m during the year:

Purchases	\$m
Selwood AM – Liquid Credit Strategy	1.5
Nephila Iron Catastrophe Fund Ltd	7.6
<b>TOTAL</b>	<b>9.1</b>

**Selwood AM – Liquid Credit Strategy** – top up of global bond.

**Nephila Iron Catastrophe Fund Ltd** – purchase of diversifying hedge fund.

There were sales of \$10.6m during the year:

Sales	\$m
GAM Systematic Core Macro (Cayman) Fund	1.8
Schroder GAIA BlueTrend	1.2
Global Event Partners Ltd	3.0
Hudson Bay International Fund	4.6
<b>TOTAL</b>	<b>10.6</b>

**GAM Systematic Core Macro (Cayman) Fund** – partial sale of CTA funds.

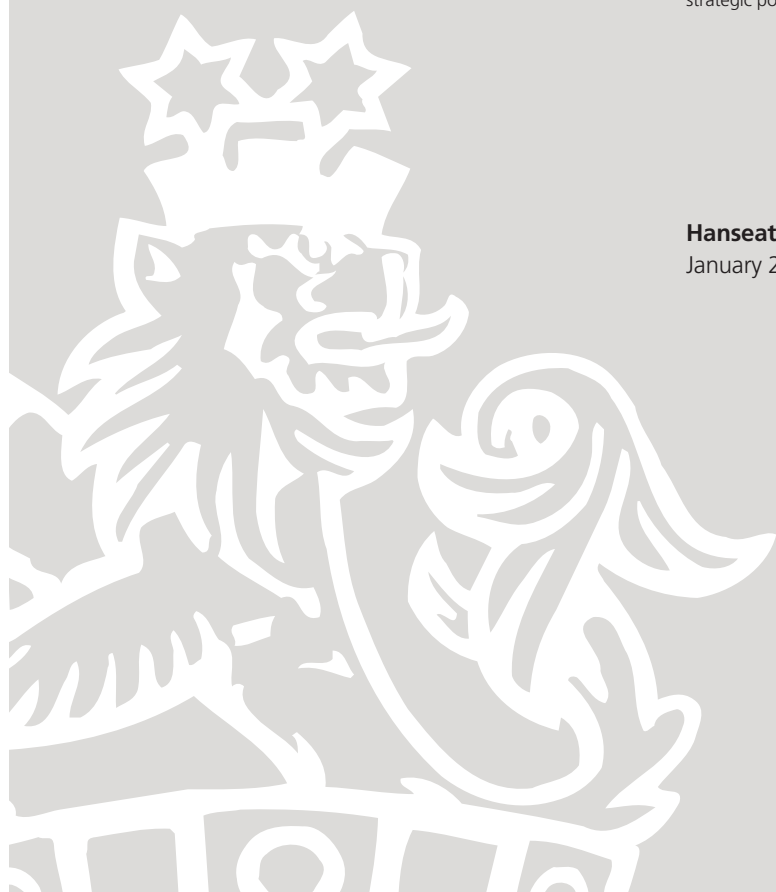
**Schroder GAIA BlueTrend** – partial sale of CTA funds

**Global Events Partners Ltd** – partial sale of event-driven fund.

**Hudson Bay International Fund Ltd** – partial sale of macro trading fund.

\*Additions or reductions to the Fund's position in the SSGA USD Liquidity Fund not included as this holding is not considered to be forming part of the Fund's strategic portfolio.

Hanseatic Asset Management LBG  
January 2024



# Portfolio Statement

as at 31 December 2023

	Nominal Holding	Market Value US\$	% of Fund
Hudson Bay International Fund Ltd	17,917.460	19,371,103	12.37
Global Event Partners Ltd	8,909.167	14,803,091	9.45
MKP Opportunity Offshore Fund, Ltd	35,713.420	14,349,402	9.16
Selwood AM – Liquid Credit Strategy	87,937.026	12,652,855	8.08
Keynes Dynamic Beta Strategy (Offshore) Fund Limited	140,251.950	12,516,084	7.99
Brevan Howard Absolute Return Government Bond Fund	84,068.400	10,950,750	6.99
Apollo Total Return Fund	8,546.000	10,644,942	6.80
Nephila Iron Catastrophe Fund Ltd	7,600.000	9,112,308	5.82
GAM Systematic Core Macro (Cayman) Fund	5,358.166	8,909,472	5.69
Schroder GAIA BlueTrend	70,151.640	8,475,020	5.41
<b>Top 10 Investments</b>		<b>121,785,027</b>	<b>77.76</b>
Prana Absolute Return Fund	7,695.000	8,354,746	5.33
Vanguard US Government Bond Index Fund	30,566.180	5,754,462	3.67
BioPharma Credit PLC	6,690,140.000	5,619,718	3.59
CG Portfolio – Dollar Fund	51,762.410	5,166,406	3.30
Lazard Convertible Global	1,635.887	2,498,425	1.60
<b>Top 15 Investments</b>		<b>149,178,784</b>	<b>95.25</b>
SSGA USD Liquidity Fund*	570,392.840	6,917,724	4.42
<b>Total investments held at fair value through profit or loss</b>		<b>156,096,508</b>	<b>99.67</b>
Other net assets		522,419	0.33
<b>Total net assets</b>		<b>156,618,927</b>	<b>100.00</b>

\*Liquidity Fund used for cash management purposes and therefore not forming part of the Fund's strategic portfolio.

# The Board



**STEPHEN JONES OBE** retired as the Island Director of Barclays Bank PLC in Guernsey in 2002. He worked in the finance sector in Guernsey for over 30 years and was previously Managing Director of Woolwich Guernsey Limited and Senior Executive Director of Rea Brothers (Guernsey) Limited. He was Chairman of the Guernsey International Business Association and of the Association of Guernsey Banks. He has considerable experience as a non-executive director in a variety of businesses including listed funds, banks and captive insurance companies. He was elected as a Jurat of the Royal Court of Guernsey in 2008.



**WAYNE BULPITT CBE** is Managing Director of Hanseatic Asset Management LBG. He was formerly Head of Offshore Investment Services for Canadian Imperial Bank of Commerce, Global Private Banking & Trust division (1998-2001) and Managing Director of CIBC Fund Managers (Guernsey) Limited (1992-1998).



**SIMON LIVESEY** is Non Executive Director who returned to Guernsey in August 2017. He worked in the City of London for 27 years and was previously a Managing Director of Citigroup Inc where he was instrumental in building out the global Emerging Markets franchise through various front office sales roles. Prior to this he was a Senior Director at NatWest Markets. He is currently on the board of Polygon Group Guernsey and consults for a number of other businesses. He has extensive experience in financial markets as a result of covering real money and hedge fund managers in London, Europe and the U.S.

# Report of the Directors

The Directors of Hansa Fund PCC Limited ("the Company") submit their report and the financial statements of the Hansa Harbour Fund ("the Fund"), a cell of the Company, for the year ended 31 December 2023.

## INCORPORATION

The Company was incorporated as a protected cell company in Guernsey, on 4 August 1998, and has been authorised as a Class 'B' Collective Investment Scheme in accordance with the provisions of The Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended. The Company commenced activities on 25 September 1998. The principal activity of the Company is to act as an investment holding company. As at 31 December 2023 the Company had two cells: Hansa Global Equity Fund and Hansa Harbour Fund.

These financial statements only show the results for the Hansa Harbour Fund ("the Fund").

Director	2023 Number of Shares	2022 Number of Shares
Stephen Jones OBE	–	–
Wayne Bulpitt CBE	–	–
Simon Livesey	–	–

## GOING CONCERN

On 24 February 2022 Russian armed forces invaded Ukraine, which had an immediate and negative impact on equity markets globally but most particularly in Russia and Ukraine. The Fund does not have material directional exposure to either Russia or Ukraine. As at the date of these financial statements, the conflict in Ukraine is still ongoing.

On 7 October 2023 the conflict in the Middle East between Israel and Palestine escalated, introducing volatility into the global economy with the potential for a more widespread war, as well as the unfolding humanitarian crisis. While the economic effects of the Israel-Palestine War are uncertain and evolving, entities with operations in the region may be directly affected, as well as indirectly affected due to potential instability in the global energy, petrochemical and capital markets. The Fund does not have material directional exposure to either Israel or Palestine. As at the date of these financial statements, the war in Palestine is still ongoing.

The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

## RESULTS

The results for the year are shown in the Statement of Comprehensive Income on page 18.

## DISTRIBUTION

The Directors do not recommend the payment of a distribution (by way of a dividend) for the year ended 31 December 2023 (2022: Nil).

## DIRECTORS

The Directors are listed on page 30. There are no service contracts proposed or in existence between any of the Directors and the Company, and there are no contracts of significance during or at the end of the year in which any Director is or was materially interested. As at the year end and the date of this Report, the Directors or their families had interests, beneficial or non-beneficial, in the participating redeemable preference share capital of the Company as follows:

The Directors believe that this basis is appropriate as the Fund has significant net assets, minimal creditors and is not dependent on any external finance or support from other parties and is expected to continue to operate profitably for the foreseeable future.

## DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of its profit or loss for that year and are in accordance with applicable laws. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

---

# Report of the Directors

## *Continued*

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund 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 Fund and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law 2008, as amended (the “Law”). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company is an open-ended investment company registered in Guernsey, on 4 August 1998 with registered number 34312. The financial statements have been prepared in compliance with the Law.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company’s Auditors are 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 Auditors are aware of that information.

### **AUDITORS**

A resolution to reappoint RSM CI (Audit) Limited as auditor will be proposed at the next Annual General Meeting.



Stephen Jones OBE  
Director



Simon Livesey  
Director

Date: 22 March 2024

# Custodian's Report

## **HANSA HARBOUR FUND FOR THE YEAR ENDED 31 DECEMBER 2023**

In our capacity as Custodian of the Fund we confirm that, in our opinion, the Manager has managed the Fund during the year ended 31 December 2023, in accordance with the provisions of the principal documents of the Company and with The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021, and no material breaches have occurred.

### **BUTTERFIELD BANK (GUERNSEY) LIMITED**

Regency Court  
Gategny Esplanade  
St. Peter Port  
Guernsey  
GY1 3AP

Date: 22 March 2024

# Independent Auditors' Report to the Shareholders of Hansa Harbour Fund

## Opinion

We have audited the financial statements of Hansa Harbour Fund (the "Fund"), which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Comprehensive Income, Statement of Changes in net assets attributable to holders of Participating Redeemable Preference shares and Cash Flow Statement for the year then ended, and notes 1 to 20 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('EU IFRS').

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Fund as at 31 December 2023 and of its results for the year then ended;
- have been properly prepared in accordance with EU IFRS; and
- have been prepared in accordance with the Companies (Guernsey) Law 2008.

## Opinion on matters prescribed by the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021

In our opinion the financial statements:

- have been properly prepared in accordance with the Protection of Investors (Bailiwick of Guernsey) Law, 2020; and
- have been properly prepared in accordance with the Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs UK") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The directors are responsible for the other information, which comprises the Chairman's Statement, Alternative Investment Fund Managers Directive, Manager's Report, Custodian's Report, Portfolio Statement and Report of the Directors. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusions thereon.

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

We have nothing to report in this regard.

## Matters on which we are required to report by exception

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

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

## Responsibilities of directors

As explained more fully in the statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with EU IFRS and for being satisfied that they give a true and fair view, and for such internal controls 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting



unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

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

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is explained below.

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of the directors to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

We obtained an understanding of the legal and regulatory frameworks that the entity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. These included compliance with Companies (Guernsey) Law, 2008.

Our testing included:

- enquiries of the directors regarding known or suspect instances of non-compliance with laws and regulations;
- enquiries of the directors regarding known or suspect instances of irregularities, including fraud;
- undertaking analytical procedures to identify unusual or unexpected relationships;

---

# Independent Auditors' Report to the Shareholders of Hansa Harbour Fund *continued*

- review of minutes of meetings throughout the year;
- testing the appropriateness of journal entries and other adjustments; and
- agreement of the financial statements disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatement of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with the directors who should not rely on the audit to discharge those functions.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Use of our report**

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

**RSM CI (Audit) Limited**  
**Chartered Accountants**  
**Guernsey, C.I.**



Date: 22 March 2024

# FINANCIAL STATEMENTS

## Statement of Financial Position

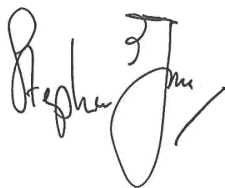
as at 31 December 2023

	Notes	31 December 2023 US\$	31 December 2022 US\$
<b>Non-Current assets</b>			
Investments held at fair value through profit or loss	3	156,096,508	146,922,892
<b>Current assets</b>			
Other receivables	4	263,293	7,070
Cash and cash equivalents	5	439,941	4,875,911
<b>Total Current assets</b>		<b>703,234</b>	<b>4,882,981</b>
<b>Total Assets</b>		<b>156,799,742</b>	<b>151,805,873</b>
<b>Current liabilities</b>			
Other payables and accruals	6	(180,815)	(165,611)
<b>Total Current liabilities (excluding net assets attributable to holders of participating redeemable preference shares)</b>		<b>(180,815)</b>	<b>(165,611)</b>
<b>Net Assets</b>		<b>156,618,927</b>	<b>151,640,262</b>
<b>Net assets attributable to Participating Redeemable Preference Shareholders</b>			
Number of Shares	7	1,302,859.40	1,303,184.14
<b>Net asset value per Participating Redeemable Preference Share from continuing operations – basic and diluted*</b>	9	<b>120.21</b>	<b>116.36</b>

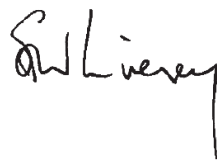
\*Differences that may arise between the published net asset value per share of \$119.96 (2022: \$116.49) and the net asset value per share per the Financial Statements is due to two factors. Firstly, due to the use of Mid market prices of investments for valuation and trading purposes compared to Bid market prices used in the Financial Statements in accordance with International Financial Reporting Standards ("IFRS") and the Statement of Recommended Practice for financial statements of Authorised Funds issued by the Investment Association (the "IA SORP") and secondly, due to routine adjustments arising from the compilation of the financial statements.

The financial statements and related notes on pages 17 to 29 were approved and authorised by the Directors on 22 March 2024 and signed on behalf of the Board by:

Stephen Jones OBE  
Director



Simon Livesey  
Director



The accompanying notes on pages 21 to 29 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

## Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	31 December 2023 US\$	31 December 2022 US\$
Dividend and interest income		731,476	835,223
Net movement in fair value of investments held at fair value through profit or loss	13	6,025,030	1,718,547
Net movement on foreign exchange		368	137,557
<b>Total revenue</b>		<b>6,756,874</b>	<b>2,691,327</b>
<b>Expenditure</b>			
Administration expenses		(49,179)	(42,689)
Administrator's fees	10	(87,121)	(79,438)
Auditors' remuneration		(12,132)	(10,038)
Custodian fees	11	(45,816)	(41,234)
Directors' fees	16	(18,705)	(19,335)
Management fee	12,16	(1,527,189)	(1,374,452)
<b>Total operating expenses</b>		<b>(1,740,142)</b>	<b>(1,567,186)</b>
<b>Net profit</b>		<b>5,016,732</b>	<b>1,124,141</b>
<b>Increase in net assets attributable to holders of Participating Redeemable Preference shares from continuing operations</b>		<b>5,016,732</b>	<b>1,124,141</b>
<b>Increase in net assets per Participating Redeemable Preference share from continuing operations – basic and diluted</b>	14	<b>3.85</b>	<b>0.95</b>

There were no sources of income or expense for the current or prior year other than these included in the Statement of Comprehensive Income above.

All activities derive from continuing operations.

The accompanying notes on pages 21 to 29 form an integral part of these financial statements.

# Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 December 2023

	Notes	2023 US	2022 US
<b>1 January</b>	<b>8</b>	<b>151,640,262</b>	<b>135,224,751</b>
Increase in net assets attributable to holders of Participating Redeemable Preference shares for the year from continuing operations		5,016,732	1,124,141
Proceeds of Participating Redeemable Preference Shares issued	7	-	21,074,642
Payments for Participating Redeemable Preference Shares redeemed	7	(38,067)	(5,783,272)
<b>31 December</b>	<b>8</b>	<b>156,618,927</b>	<b>151,640,262</b>

The accompanying notes on pages 21 to 29 form an integral part of these financial statements.

# FINANCIAL STATEMENTS

## Cash Flow Statement of the Fund

For the year ended 31 December 2023

	31 December 2023 US\$	31 December 2022 US\$
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of Participating Redeemable Preference shares	5,016,732	1,124,141
Adjustments for:		
Movement in investments held at fair value through profit and loss	(6,025,030)	(1,718,547)
Movement on foreign exchange	(368)	(137,557)
Operating cash flows before movements in working capital	(1,008,666)	(731,963)
Movement in other receivables	(256,223)	(3,673)
Movement in other payables and accruals	15,204	10,430
Net cash used in operating activities	(1,249,685)	(725,206)
<b>Cash flows from investing activities</b>		
Payment for purchases of investments held at fair value through profit or loss	(18,900,000)	(23,469,860)
Proceeds from sale of investments held at fair value through profit or loss	15,751,414	33,499,582
Net cash (used in)/generated from investing activities	(3,148,586)	5,278,040
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	–	4,201,631
Amounts paid on redemption of shares	(38,067)	(5,783,272)
Net cash used in from financing activities	(38,067)	(1,581,640)
Net (decrease)/increase in cash and cash equivalents	(4,436,338)	2,971,194
Effect of foreign exchange rate changes	368	137,557
Cash and cash equivalents at beginning of the year	4,875,911	1,767,160
<b>Cash and cash equivalents at end of the year</b>	<b>439,941</b>	<b>4,875,911</b>
Cash and cash equivalents made up of:		
Cash at bank	439,941	4,875,911

The accompanying notes on pages 21 to 29 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1. GENERAL INFORMATION

Hansa Fund PCC Limited (the "Company") was incorporated as a protected cell company in Guernsey, on 4 August 1998. The Company has two open-ended Cells: Hansa Global Equity Fund and Hansa Harbour Fund. These financial statements only show the results for the Hansa Harbour Fund, also referred to as the "Fund". The Fund seeks to both help preserve capital at points of market distress and to have a generally lower correlation with other asset classes, especially equities.

The address of the Company's registered office is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT, Channel Islands.

The Fund has no employees.

The functional and presentational currency of the Fund is the United States Dollar ("US\$").

## 2. ACCOUNTING POLICIES

### a. Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The financial statements have been prepared under the historical cost basis as modified by the revaluation of financial assets at fair value through profit or loss and in accordance with IFRS. Although the Company is not within the scope of the IA SORP, consideration has been given to its recommendations in the preparation of the Fund's financial statements, to the extent that it does not conflict with IFRS.

These financial statements show the results of the Fund for the year ended 31 December 2023.

### b. Going concern

On 24 February 2022 Russian armed forces invaded Ukraine, which had an immediate and negative impact on equity markets globally but most particularly in Russia and Ukraine. The Fund does not have material directional exposure to either Russia or Ukraine. As at the date of these financial statements, the conflict in Ukraine is still ongoing.

On 7 October 2023 the conflict in the Middle East between Israel and Palestine escalated, introducing volatility into the global economy with the potential for a more widespread war, as well as the unfolding humanitarian crisis. While the economic effects of the Israel-Palestine War are uncertain and evolving, entities with operations in the region may be directly affected, as well as indirectly affected due to potential instability in the global energy, petrochemical and capital markets. The Fund does not have material directional exposure to either Israel or Palestine. As at the date of these financial statements, the war in Palestine is still ongoing.

The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis. The Directors believe that this basis is appropriate as the Fund has significant net assets, minimal creditors and is not dependent on any external finance or support from other parties and is expected to continue to operate profitably for the foreseeable future.

### c. Standards and Interpretations

*New and amended standards adopted by the Fund*

The following new standards and amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2023 are considered material to the Fund and have therefore been applied in preparing these financial statements:

- IAS 1, "Presentation of Financial Statements", sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for the content and overlooking concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statements of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. Previously paragraph 117 of IAS 1 stated that an entity shall disclose its significant accounting policies without specifying the term 'significant'. As of 1 January 2023, an entity shall disclose material accounting policy information, which is further specified: "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

## Notes to the Financial Statements

### 2. ACCOUNTING POLICIES (CONTINUED)

#### c. Standards and Interpretations (continued)

The standard is effective for accounting periods beginning on or after 1 January 2023. The adoption of the amendments to IAS 1 has not had an impact on the performance of the Fund.

*New standards and interpretations not yet adopted*

There are no standards, amendments or interpretations in issue at the reporting date which are effective after 1 January 2024 that are deemed to be material to the Fund.

#### d. Business and geographical segments

The Fund is operated as one segment by the Board of Directors (which is considered to be the chief operating decision maker).

#### e. Financial instruments

Financial instruments carried on the Statement of Financial Position include investments held at fair value through profit or loss, other receivables, cash and cash equivalents, and other payables and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Fund is a party are provided in note 17.

#### f. Investments held at fair value through profit or loss

Investments held at fair value through profit or loss are non-derivative financial assets that are either designated in this category or not classified in any of the other categories, identified by IFRS 9.

Investments held at fair value through profit or loss are initially recognised at cost, which is the fair value of the consideration given. The investments are subsequently re-measured at fair value based upon the most up to date NAV published by the fund administrator for mutual funds, investment companies or other similar vehicles or collective investment schemes. The fair value of other investments is based on bid prices quoted at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of these securities are recognised through profit or loss in the Statement of Comprehensive Income.

All purchases and sales of investments and trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date on which the Fund commits to purchase or sell the asset. In cases which are not within the time frame established by regulation or market convention, such transactions are recognised on settlement date. Any change in fair value of the asset to be received is recognised between the trade date and settlement date.

#### g. Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method if not receivable on demand. A provision for impairment is established, in line with the expected credit loss model as prescribed by IFRS 9, if there is objective evidence to suggest that the Fund may not collect all amounts due to it.

#### h. Cash and cash equivalents

Cash and cash equivalents comprise only bank balances. The carrying value of these assets approximates to their fair value.

#### i. Share capital

Participating Redeemable Preference Shares in issue are redeemable at the shareholder's option (see note 7), are designated liabilities in the Statement of Financial Position and are recorded at the contracted settlement amount.

Any distributions on the Participating Redeemable Preference Shares are recognised as finance costs in the Statement of Comprehensive Income.

#### j. Payables

Payables and accruals are initially recognised at their fair value and subsequently measured at amortised cost and are not discounted due to their short-term nature. The amounts are unsecured and usually paid within 30 days of recognition.

#### k. Net asset value per Participating Redeemable Preference Share

The net asset value per Participating Redeemable Preference Share is calculated by dividing the net assets attributable to Participating Redeemable Preference Shareholders included in the Statement of Financial Position by the number of Participating Redeemable Preference Shares in issue at the period end.



# Notes to the Financial Statements

## 2. ACCOUNTING POLICIES (CONTINUED)

### l. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into US\$ at exchange rates in effect at the date of the financial statements. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as foreign currency gains and losses. The cost of investments, and income and expenditure are translated into US\$ based on exchange rates on the date of the transaction.

### m. Revenue recognition

Interest and dividend income comprises dividend income and interest on bank deposits and is recognised on an accruals basis.

### n. Related parties

Related parties are individuals and entities where the individuals or entities have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### o. Use of estimates and judgements

The preparation of the financial statements in conformity with applicable accounting standards and applicable statute law requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates with the most significant effects on the carrying amounts of the assets and liabilities in the financial statements are outlined below:

- Valuation of investments held at fair value through profit or loss – Mutual funds, investment companies or other similar vehicles or collective investment schemes are valued based on the NAV per share as determined by the underlying fund administrators.

## 3. INVESTMENTS

	31 December 2023 US\$	31 December 2022 US\$
Investments held at fair value through profit or loss	156,096,508	146,922,892

## 4. OTHER RECEIVABLES

	31 December 2023 US\$	31 December 2022 US\$
Other trade receivables	263,293	7,070

## 5. CASH AND CASH EQUIVALENTS

	31 December 2023 US\$	31 December 2022 US\$
Cash at bank	439,941	4,875,911

Cash and cash equivalents comprise bank balances only. The carrying value of these assets approximates to their fair value.

## 6. OTHER PAYABLES AND ACCRUALS

	31 December 2023 US\$	31 December 2022 US\$
Administrator's fee	7,521	7,409
Auditors' remuneration	11,583	10,286
Custodian's fee	3,986	3,872
Management fee	132,871	129,060
Director's fees	6,365	–
Sundry creditors and accruals	18,489	14,984
	180,815	165,611

# FINANCIAL STATEMENTS

## Notes to the Financial Statements

### 7. SHARES AND SHARE CAPITAL

	31 December 2023 US\$	31 December 2022 US\$
<b>a) Authorised</b>		
Unlimited Unclassified Shares of US\$0.01 each	–	–

At a general meeting Participating Redeemable Preference Shares carry limited voting rights.

Participating Redeemable Preference Shares carry the right to receive a distribution out of the income of the Fund in such amounts and at such times that the Directors shall determine, and to receive a distribution on a return of capital of the assets of the Fund on a winding up, in proportion to the number of Shares held.

	31 December 2023 Number	31 December 2022 Number
<b>b) Issued</b>		
Participating Redeemable Preference Shares		
In issue at the start of the year	1,303,184.14	1,170,776.37
Issued during the year	–	182,258.23
Redeemed during the year	(324.74)	(49,850.46)
In issue at the end of the year	1,302,859.40	1,303,184.14

	31 December 2023 US\$	31 December 2022 US\$
<b>Share Capital</b>		
Participating Redeemable Preference Shares		
In issue at the start of the year	13,032	11,708
Issued during the year	–	131
Redeemed during the year	(3)	(499)
In specie transfer	–	1,692
In issue at the end of the year	13,029	13,032
<b>Share Premium</b>		
Participating Redeemable Preference Shares		
Balance at the start of the year	134,787,542	119,497,496
On shares issued during the year	–	4,199,809
On shares redeemed during the year	(38,064)	(5,782,773)
In specie transfer	–	16,873,010
Balance at the end of the year	134,749,478	134,787,542

During the current year, US\$ Nil (2022: US\$16,873,010) on Nil (2022: 169,131.49) Participating Redeemable Preference were transferred in specie.

### 8. NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES

The net assets attributable to participating redeemable preference shares are represented by the following:

	31 December 2023 US\$	31 December 2022 US\$
Share capital	13,029	13,032
Share premium	134,749,478	134,787,542
Retained earnings	(6,483,175)	(5,474,509)
Capital reserves	28,339,595	22,314,197
	156,618,927	151,640,262

# Notes to the Financial Statements

## 8. NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES (CONTINUED)

*Share premium* – Amount subscribed for share capital in excess of nominal value.

*Retained earnings* – All other net gains and losses and transactions not recognised in capital reserves.

*Capital reserves* – Transactions that are capital in nature and not recognised in retained earnings. These may include movements on foreign exchange, gains/losses on investments held at fair value through profit or loss and fee rebates.

## 9. NET ASSET VALUE PER PARTICIPATING REDEEMABLE PREFERENCE SHARE

The net asset value per share of US\$120.21 (2022: US\$116.36) is based on the net assets attributable to participating redeemable preference shareholders at the year end of US\$156,618,927 (2022: US\$151,640,262) and on shares of 1,302,859.40 (2022: 1,303,184.14) Participating Redeemable Preference Shares, being the number of Participating Redeemable Preference Shares in issue at the year end.

## 10. ADMINISTRATOR'S FEES

The Administrator is entitled to an annual fee based on the net asset value of the Company payable as follows:

US\$0 – US\$200m 0.068% per annum (2022: 0.068%)

US\$200m+ 0.051% per annum (2022: 0.051%)

Such fees are calculated monthly, subject to an annual minimum fee of US\$100,000 (2022: US\$100,000), and payable monthly in arrears. The Administrator's fees are apportioned between the Fund and Hansa Global Equity Fund pro rata to their net asset values.

## 11. CUSTODIAN FEES

The Custodian is entitled to an annual fee payable by the Fund equal to 0.03% of the net asset value. Such fee is calculated and payable monthly and is subject to an annual minimum fee of US\$15,000 (2022: US\$15,000), payable in equal monthly instalments in arrears. The Custodian is also entitled to receive transaction fees, as well as reimbursement for the fees of any sub-custodians.

## 12. MANAGEMENT FEES

The Manager receives a monthly fee from the Fund calculated at an annual rate equal to 1.00% of the net asset value of the Fund, payable monthly in arrears.

The Manager is also entitled to an annual performance fee. The performance fee is equal to 10% of the amount by which the Fund outperforms its Benchmark Return in any accounting year, subject to first having made good any under performance on an individual investor basis. The Benchmark return is 0.75% per annum in excess of a 60:40 composite of the JPM Cash US 3 Month TR USD Index and the JPM Cash EU 3 Month TR EUR Index, the full description of which may be found in the latest Offering Memorandum. For the current year the Manager is entitled to a performance fee of US\$ Nil (2022: US\$6,145).

The Manager is entitled, at its sole and absolute discretion, to reduce or rebate its management and/or its performance fee. Such reduction or rebate may be applied generally in respect of all investors in the Fund, or may be applied with respect to a certain investor or investors only. Please refer to the Scheme Particulars for further details regarding the criteria and factors of consideration.

## 13. NET MOVEMENT IN THE FAIR VALUE OF INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023 US\$	31 December 2022 US\$
Realised gains on disposal of investments held at fair value through profit or loss	2,692,266	1,351,739
Unrealised gains on investments held at fair value through profit or loss	3,332,764	366,808
	6,025,030	1,718,547

## 14. EARNINGS PER PARTICIPATING REDEEMABLE PREFERENCE SHARE

The profit per share is based on a profit of US\$ 5,016,732 (2022: US\$1,124,141) on ordinary activities and a weighted average of 1,303,133.00 (2022: 1,186,911.00) shares in issue.

There is no difference between the basic and diluted earnings per share calculations.

## Notes to the Financial Statements

### 15. TAXATION

The Fund has been granted exempt status and therefore has no liability to Guernsey tax. With effect from 1 January 2010, Guernsey restructured its tax regime, and the standard rate of income tax for companies moved to 0%. However, the Fund will continue to apply for tax exempt status by paying the £1,200 annual Exempt Company fee.

The Fund was granted reporting fund status by HM Revenue & Customs with effect from 1 January 2016, subject to it continuing to comply with the reporting fund regulations. The Directors conduct the affairs of the Fund with a view to ensure that the appropriate conditions for reporting fund status will continue to be met.

### 16. RELATED PARTY TRANSACTIONS

#### *Directors*

The Directors are regarded as related parties.

Total Directors' fees paid during the year amounted to US\$18,705 (2022: US\$19,335). At 31 December 2023, directors' fees of \$6,365 (2022: \$ Nil) remained outstanding and payable by the Fund.

#### *The Manager*

Wayne Bulpitt, Managing Director of Hanseatic Asset Management LBG is also a Director of the Fund, and as a result the Manager is also regarded as a related party.

Total Manager's fee paid during the year amounted to US\$1,527,189 (2022: US\$1,374,452). At 31 December 2023, management fees of US\$132,871 (2022: US\$129,060) remained outstanding and payable by the Fund.

### 17. FINANCIAL INSTRUMENTS

#### *Fair values*

The carrying amounts of investments, other receivables, cash and cash equivalents and other payables approximate their fair values.

#### *Management of capital*

The Fund manages its capital to ensure that it is able to continue as a going concern. The capital of the Fund is represented by the net assets attributable to holders of Participating Redeemable Preference shares on page 19. During the year and at the year end the Fund did not have any third party debt balances.

#### *Investment and trading activities*

The objective of the Fund is to both help preserve capital at points of market distress and to have a generally lower correlation with other asset classes, especially equities. The policy of the Board is to provide a framework within which the Manager can operate and deliver the objectives of the Fund.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market price risk and currency risk.

#### *Credit risk*

Credit risk is the risk that an issuer or counterparty may be unable or unwilling to meet commitments it has entered into with the Fund.

The Fund's principal assets are cash and cash equivalents, which includes bank balances, and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets.

The credit risk on bank balances is limited because the counterparty is a bank with a credit rating of A2 assigned by Standard and Poor's rating agency. The rating indicates that the bank has adequate capacity to meet their financial commitments.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Fund's maximum exposure to credit risk is the carrying value of the assets on the Statement of Financial Position.

# Notes to the Financial Statements

## 17. FINANCIAL INSTRUMENTS (CONTINUED)

### *Credit risk (continued)*

The Fund is obliged to use the impairment methodology in line with the expected credit loss model ("ECL model") as prescribed by IFRS 9. Under the ECL model, financial assets, including those subject to credit risk, are assessed for impairment based on potential lifetime credit losses, if there has been a significant increase in credit risk since initial recognition, or alternatively on a 12 month expected credit loss if the increase in credit risk since initial recognition is not deemed to be significant. These financial assets are reviewed for potential credit losses by the Manager and the Board.

The financial assets held by the Fund and subject to credit risk, which comprise solely of cash and cash equivalents, are assessed for impairment on a 12 month expected credit loss basis as there has not been a significant change in credit risk since initial recognition. In addition to this, any potential impairment considered appropriate for these assets would be deemed immaterial and therefore no further analysis is provided or adjustments included in these financial statements.

### *Market price risk*

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Fund's exposure to market price risk is comprised mainly of movements in the value of the Fund's investments.

### *Price sensitivity*

At 31 December 2023, if the market prices of the securities had been 10% lower with all other variables held constant, the net assets attributable to holders of Participating Redeemable Preference Shares would have been US\$141,009,276 (2022: US\$136,947,973), arising due to the decrease in the fair value of investments held at fair value through profit or loss by US\$15,609,651 (2022: US\$14,692,289).

### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may from time to time hold certain financial assets and liabilities denominated in currencies other than US \$, the functional currency of the Fund. The Fund would therefore be exposed to currency risk, as the value of those financial instruments will fluctuate due to changes in exchange rates. Exchange rate exposures are reviewed by the Manager and the Board.

The carrying amount of the Fund's currency (net) exposure at the reporting date is as follows:

	<b>31 December 2023 US\$</b>	<b>31 December 2022 US\$</b>
USD	156,652,296	146,575,080
GBP	(33,369)	5,065,182

### *Currency risk sensitivity*

The following table details the Fund's sensitivity to a 10% weakening of the reporting currency against each of the relevant foreign exchange currencies. This analysis assumes that all variables, in particular interest rates remain constant. The analysis is performed on the same basis for the prior year.

Increase/ (decrease) in net assets attributable to holders of Participating Redeemable Preference Shares:

	<b>31 December 2023 US\$</b>	<b>31 December 2022 US\$</b>
GBP	(3,337)	506,518

# FINANCIAL STATEMENTS

## Notes to the Financial Statements

### 17. FINANCIAL INSTRUMENTS (CONTINUED)

#### Liquidity risk

Liquidity risk is the risk that the Fund cannot meet its liabilities as they fall due. The Fund's primary source of liquidity consists of cash and cash equivalents and investments held at fair value through profit or loss.

The Fund's liabilities are short-term in nature and are payable in the normal operating cycle.

As at 31 December 2023, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month US\$	1 to 3 months US\$	3 months to 1 year US\$	More than 1 year US\$	Total US\$
<b>Non-Current Assets</b>					
Investments held at fair value through profit or loss	66,808,061	27,002,257	53,173,882	9,112,308	156,096,508
<b>Current Assets</b>					
Other receivables	263,293	–	–	–	263,293
Cash and cash equivalents	439,941	–	–	–	439,941
	<b>67,511,295</b>	<b>27,002,257</b>	<b>53,173,882</b>	<b>9,112,308</b>	<b>156,799,742</b>
<b>Current Liabilities</b>					
Other payables and accruals	180,815	–	–	–	180,815
	<b>180,815</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>180,815</b>

As at 31 December 2022, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month US\$	1 to 3 months US\$	3 months to 1 year US\$	More than 1 year US\$	Total US\$
<b>Non-Current Assets</b>					
Investments held at fair value through profit or loss	66,882,237	23,393,415	56,647,240	–	146,922,892
<b>Current Assets</b>					
Other receivables	7,070	–	–	–	7,070
Cash and cash equivalents	4,875,911	–	–	–	4,875,911
	<b>71,765,218</b>	<b>23,393,415</b>	<b>56,647,240</b>	<b>–</b>	<b>151,805,873</b>
<b>Current Liabilities</b>					
Other payables and accruals	165,611	–	–	–	165,611
	<b>165,611</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>165,611</b>

### 18. FAIR VALUE MEASUREMENT

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment of management, considering factors specific to the asset or liability.

# Notes to the Financial Statements

## 18. FAIR VALUE MEASUREMENT (CONTINUED)

The determination of what constitutes 'observable' requires significant judgment by the Board. The Board considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2023.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
Investments held at fair value through profit or loss	5,619,718	150,476,790	–	156,096,508

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2022.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
Investments held at fair value through profit or loss	6,355,633	140,567,259	–	146,922,892

The Fund invests in investment funds which are not quoted in active markets and may be subject to restrictions on redemptions such as lock-up periods, redemption gates and side pockets. Investments in these investment funds are valued based on the NAV per share as determined by the underlying fund administrators.

Investments in funds that the Fund would be able to redeem at NAV as at the measurement date have been classified as Level 2 investments.

There were no transfers between levels during the year.

There were no changes to valuation techniques during the year.

## 19. ULTIMATE CONTROLLING PARTY

The Directors do not consider the Fund to have an ultimate controlling party.

## 20. POST BALANCE SHEET EVENTS

There are no material events subsequent to the year-end date which require disclosure in these financial statements.

# Management and Administration

## **DIRECTORS**

Stephen Jones OBE (Chairman)  
Wayne Bulpitt CBE  
Simon Livesey  
Douglas Mackay (Alternate Director)

## **MANAGER**

Hanseatic Asset Management LBG  
1st Floor, Tudor House  
Le Bordage  
St Peter Port  
Guernsey  
GY1 1DB  
Telephone: +44(0)1481 730656  
Email: admin@hamlbg.com  
www.hansagr.com

## **ADMINISTRATOR, SECRETARY AND REGISTRAR**

JTC Fund Solutions (Guernsey) Limited  
Ground Floor  
Dorey Court  
Admiral Park  
St. Peter Port  
Guernsey GY1 2HT  
Telephone: +44(0)1481 710607

## **CUSTODIAN AND BANKER**

Butterfield Bank (Guernsey) Limited  
Regency Court  
Gategny Esplanade  
St. Peter Port  
Guernsey GY1 3AP  
Telephone: +44(0)1481 711521

## **REGISTERED OFFICE**

Ground Floor  
Dorey Court  
Admiral Park  
St. Peter Port  
Guernsey GY1 2HT  
www.hansagr.com

## **INVESTMENT ADVISER**

Hansa Capital Partners LLP  
50 Curzon Street  
London  
W1J 7UW  
Telephone: +44(0)207 647 5750  
www.hansagr.com

## **AUDITOR**

RSM CI (Audit) Limited  
PO Box 179  
13-14 Esplanade  
St. Helier  
Jersey JE4 9RJ  
Telephone: +44(0)1534 816000

## **LEGAL ADVISER**

Walkers (Guernsey) LLP  
Block B, Helvetia Court  
Les Echelons  
St. Peter Port  
Guernsey GY1 IAR

Company Registration Number: 34312



# Notes



---

# Notes







# HANSA HARBOUR FUND

---



---

**Hansa Harbour Fund**

Dorey Court  
Admiral Park  
St. Peter Port  
Guernsey  
GY1 2HT

T: +44 (0) 1481 730656  
F: +44 (0) 1481 730657  
E: [admin@hاملbg.com](mailto:admin@hاملbg.com)

**Visit us at**

[www.hانسagrل.com](http://www.hانسagrل.com)