REGISTRAR OF COMPANIES

Bainbridge Partners LLP

Financial Statements

Year to 31 March 2011

Registration Number
OC341436 (England and Wales)

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COMPANIES HOUSE

Designated members	A B Haddad Bainbridge (UK) Services Limited
Registered office	5 Young Street London W8 5EH
Registered number	OC341436 (England and Wales)
Independent Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

The members present their report with the financial statements for the year ended 31 March 2011

Principal activity

The principal activity of the LLP during the year was as investment advisor

Review of business and future developments

The members are satisfied with the results for the year and expect continued growth in the future

Designated members

The designated members during the year were as follows

A B Haddad
Bainbridge (UK) Services Limited

Members' capital and drawings

During the period, the members contributed capital of £nil (2010 £330,000) to the LLP Members may be permitted to contribute additional capital at the LLP's discretion No member may be required by the LLP to contribute additional capital

The members may only withdraw capital contributions at the sole discretion of the LLP, and therefore the capital contributed is classified as equity under FRS 25

Each member is permitted to take drawings in anticipation of the profits of the LLP, subject to the approval of the LLP If the cash requirements of the LLP's business conflict with the allowance of cash drawings, therefore, the LLP may decline the payment of advance drawings

Members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and regulations

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period In preparing the financial statements the members are required to

- select suitable accounting policies and then 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 disclosed and explained in the financial statements, and

Members' responsibilities (continued)

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the LLP will continue in business

The members are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the LLP and that enable them to ensure that the financial statements comply with the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008 They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The responsibilities are exercised by the designated members on behalf of the members

Signed on behalf of the members

A B Haddad
Designated member

Approved by the members on July 14, 2011

Independent auditor's report to the members of Bainbridge Partner LLP

We have audited the financial statements of Bainbridge Partners LLP for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement, the principal accounting policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement, set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, 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

Buzzacott LLP

David Jarman
Senior Statutory Auditor
for and on behalf of Buzzacott LLP
Statutory Auditor, Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 July 2011.

Profit and loss account Year ended 31 March 2011

	Notes	Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Turnover	1	**1,632,911**	1,110,765
Administrative expenses		**(924,631)**	(819,754)
Operating profit	2	**708,280**	291,011
Profit for the financial period before members' remuneration and profit shares	3	**708,280**	291,011
Results for the financial period available for discretionary division among members		**708,280**	291,011

All of the LLP's activities derived from continuing operations during the above financial periods

No statement of total recognised gains and losses has been prepared as there are no recognised gains and losses other than the profit for the above financial periods

The principal accounting policies and notes on pages 8 to 11 form an integral part of the financial statements

Balance sheet 31 March 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Current assets					
Debtors	4	**234,681**		251,265	
Cash at bank and in hand		**716,152**		413,911	
		950,833		665,176	
Creditors amounts falling due within one year	5	**(12,512)**		(14,185)	
Net current assets			**938,321**		650,991
Total assets less current liabilities			**938,321**		650,991
Net assets attributable to members			**938,321**		650,991
Represented by:					
Loans and other debts due to members within one year					
Other amounts	6		**608,321**		320,991
Members' other interests					
Members' capital classified as equity	6		**330,000**		330,000
			938,321		650,991
Total members' interests					
Loans and other debts due to members	6		**608,321**		320,991
Members' other interests	6		**330,000**		330,000
			938,321		650,991

Signed on behalf of the members

A B Haddad
Designated Member

Approved by the members on July 4, 2011

Bainbridge Partners LLP
OC341436 (England and Wales)

The principal accounting policies and notes on pages 8 to 11 form an integral part of the financial statements

Cash flow statement Year ended 31 March 2011

		Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Net cash inflow from operating activities	7	**723,191**	53,931
Transactions with members	8	**(420,950)**	359,980
Increase in cash in the year		**302,241**	413,911

Reconciliation of net cash flow movement in net funds

		Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Increase in cash in the year		**302,241**	413,911
Increase in net funds in the year		**302,241**	413,911
Net funds at start of year	9	**413,911**	—
Net funds at end of year	9	**716,152**	413,911

The principal accounting policies and notes on pages 8 to 11 form an integral part of the financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships', issued in March 2010

The principal accounting policies are unchanged from the previous period and are set out below

Turnover

Turnover represents income derived from the LLP's principal activity of providing sub advisory services, net of Value Added Tax (VAT)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account

Taxation

The taxation payable on the partnership profits is the personal liability of the members and consequently neither taxation nor related deferred taxation are accounted for in the financial statements Amounts retained for tax are treated in the same way as other profits of the partnership and are included in "Members' interests" or in "Loans and other debts due to members" depending on whether or not division of profits has occurred

Members' capital

Members' capital is classified as equity in accordance with FRS 25 and the SORP Repayment of members' capital is governed by the Limited Liability Partnership Agreement dated 9 March 2009

1 Turnover

Turnover represents the amounts derived from the provision of sub advisory services during the year and is stated net of VAT All turnover derives from activities performed in the United Kingdom

2 Operating profit

Operating profit is stated after charging		Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Auditor's remuneration	- audit	**7,500**	7,000
	- taxation	**3,500**	11,750
	- other	**3,700**	1,000

3 Members' share of profits and average number of members

Profits are divided among the members during each accounting year and in accordance with established profit sharing arrangements and as the designated members may determine from time to time

The profit attributable to the member with the highest entitlement to profit during the year was £521,754 (2010 - £277,355)

	Year ended 31 March 2011	Period from 14 November 2008 to 31 March 2010
Average number of members during the year	**2**	2

4 Debtors

	2011 £	2010 £
Trade debtors	**230,617**	248,441
Other debtors	**325**	—
Prepayments	**3,739**	2,824
	234,681	251,265

5 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	**1,900**	4,935
Accruals	**10,612**	9,250
	12,512	14,185

6 Members' interests

	Members' other interests					
	Members' capital £	Other reserves £	Total £	Loans and other debts due to/ (from) members £	**2011 Total members' interests £**	2010 Total members' interests £
Members' interests at 31 March 2010	330,000	—	330,000	320,991	**650,991**	—
Profit for the period available for discretionary division among members	—	708,280	708,280	—	**708,280**	291,011
Members' interests after profit for the period	330,000	708,280	1,038,280	320,991	**1,359,271**	291,011
Allocation of profit	—	(708,280)	(708,280)	708,280	—	—
Capital contributions	—	—	—	—	—	330,000
Drawings	—	—	—	(431,804)	**(431,804)**	(13,656)
Other movements	—	—	—	10,854	**10,854**	43,636
Amounts due to members				608,321		
Members' interests at 31 March 2011	330,000	—	330,000	608,321	**938,321**	650,991

In the event of a winding up, loans and other debts due to members rank after unsecured creditors

7 Net cash inflow from operating activities

	Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Operating profit	**708,280**	291,011
Decrease/(increase) in debtors	**16,584**	(251,265)
(Decrease)/increase in creditors	**(1,673)**	14,185
Net cash inflow from operating activities	**723,191**	53,931

8 Analysis of cash flow statement headings

	Year ended 31 March 2011 £	Period from 14 November 2008 to 31 March 2010 £
Transactions with members		
Capital contributions	—	330,000
Drawings	**(431,804)**	(13,656)
Other movements	**10,854**	43,636
	(420,950)	359,980

9 Analysis of changes in net funds

	At 31 March 2010 £	Cash flow £	At 31 March 2011 £
Cash	413,911	302,241	716,152

10 Controlling party

During the two periods ended 31 March 2011, the ultimate controlling party was Mr Antoine Haddad, Chief Executive of Bainbridge Partners LLP, by virtue of this majority holding of the voting rights of the LLP

11 Related party transactions

During the year, Bainbridge (UK) Services Limited charged the LLP £894,349 (2010 - £770,012) in relation to administration costs At 31 March 2011, after profit allocations, £503,599 (2010 - £320,991) remained outstanding

During the year, income of £nil (2010 - £676,684) was received from Bainbridge Partners LLC, a Limited Liability Company incorporated in the U S A There was no balance outstanding at the year end (2010 - £nil)

During the year, the LLP paid £579 (2010 - £nil) in relation to legal costs on behalf of Sequent Capital LLP There was no balance outstanding at the year end

Bainbridge (UK) Services Limited, Sequent Capital LLP and Bainbridge Partners LLC are considered to be related parties by virtue of common ultimate control

Introduction

Bainbridge Partners LLP "the Firm" sets out below its Pillar 3 disclosure in accordance with the FSA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU), specifically BIPRU 11 3 3 R The Capital Requirements Directive (Basel II) came into force on 1st January 2007 and introduced rules requiring the Firm to assess the adequacy of its capital resources in light of the risks they faced by its business in order to ensure the continued protection of clients and underlying investors

- Frequency
  The Firm will make its Pillar 3 disclosures on an annual basis in line with the Firm's financial year end

- Media and Location
  It is intended that the disclosure will be made in the notes to the annual financial statements

- Materiality
  Information which by its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions is deemed by the Firm to be material for the purposes of these disclosures If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement

- Confidentiality
  Information, the sharing of which with the public would undermine its competitive position, will be deemed to be proprietary information Such proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality In the event that any such information is omitted, the Firm will disclose that fact and explain the grounds on which it has been decided that it should be excluded from the disclosures

Summary

The CRD requirements comprise three pillars

- Pillar 1 addresses the Firm's minimum capital requirements,

- Pillar 2 concerns the Firm's Internal Capital Adequacy Assessment Process ("ICAAP") This is undertaken by the firm and may be subject to a Supervisory Review and Evaluation Process through which the Firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces, and

- Pillar 3 is concerned with the public disclosure of risk management policies, capital resources and capital requirements The regulatory aim of these disclosures is to improve market discipline

Bainbridge Partners LLP introduction

The Firm is an investment management firm The Firm is a limited liability partnership incorporated in the UK, and is authorised and regulated by the Financial Services Authority The Firm is categorised under the BIPRU section of the FSA's Handbook as a "BIPRU 50k limited licence" firm

The Firm advises on a range of Fund of Fund products and client accounts It does not hold client money and consequently the principal protection afforded to clients of the Firm is derived from the third party client money arrangements

Risk Management

The Firm is governed by its Partners who determine its business strategy and risk appetite They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces

The Partners also determine how the risk the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks The Partners meet on a regular basis with senior staff and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management The Partners manage the Firm's risks business though a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FSA principles and rules) with the aim to operate a defined and transparent risk management framework

The Partners have identified that operational and business risk are the main areas of risk to which the Firm is exposed, the Firm considered its market and credit risks as being limited

Annually the Partners formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness Where the Partners identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate

Business Risk

The main risk the Firm faces is an event leading to a significant fall in the level of assets under management as the Firm's revenue is reliant on the performance of the existing funds and its ability to launch new funds/obtain new mandates As such, the risk posed to the Firm relates to underperformance resulting in a decline in revenue and adverse market conditions hindering the launch of new funds and ultimately the risk of redemptions from funds managed by the Firm In the event of significant falls in revenues the Partners are confident that with the existing high levels of capital held by it, the Firm should continue to cover all the expenses of the business

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or resulting from external events The Firm places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect

The Firm has identified a number of key operational risks These relate to the outsourcing of investment accounting, transfer agency and various middle/ back office functions Appropriate polices are in place to mitigate against these risks, including undertaking both onsite and desk based monitoring and the ongoing review of risk indicators and errors and incidents

The risk of loss of key investment staff is mitigated by the cross training of staff and extended notice periods for key personnel

Credit Risk

Credit risk is the risk that a party will default on a financial agreement The Firm is exposed to credit risk as follows

- Fund management and performance fees due from unregulated collective investment schemes ('USIC')
- UK authorised banks in relations to deposits held with them

The risks are mitigated by

- Performing credit checks and completing due diligence checks at the outset of entering into material contracts
- Periodic monitoring of the financial strength of the credit institution with whom the Firm banks
- Contractual arrangements in relation to the payment of management fees and monitoring payments against agreed payment arrangements, with monthly management fees being drawn monthly and performance fees drawn quarterly as applicable

Market Risk

The Firm takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies

The risk is mitigated by keeping the size of the debtor balance under regular review

Cash balances are maintained in both sterling and USD

Unaudited information
Pillar 3 disclosures 31 March 2011

Regulatory Capital

The Firm is a Limited Liability Partnership and its capital arrangements are established in its Partnership agreement As at 31 March 2011 the Firm held regulatory capital resources of £330,000

Pillar 1

The Firm is a limited licence firm, and as such its capital requirements are the greater of

- It's base capital requirement of €50,000,
- The sum of its market and credit risk requirements, or
- Its fixed overhead requirement ("FOR")

At 31 March 2011 the Firm's Pillar 1 requirement was £284,000 This has been determined with reference to the Firm's FOR and calculated in accordance with the FSA's General Prudential Sourcebook ("GENPRU") The requirement is based on the FOR since at all times this exceeds the total of the credit and market risk requirements it faces and also exceeds its base capital requirement of €50,000

The FOR is based on annual expenses net of variable costs deducted, which include discretionary bonuses paid to staff, allowable commission and fees and other variable expenditure The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year This is monitored by the CFO and reported to the Partners on a periodic basis

Pillar 2

Satisfaction of capital requirements

Since the Firm's ICAAP (Pillar 2) process has not identified capital to be held over and above the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year No additional capital injections are considered necessary and the Firm expects to continue to be profitable

Capital Resources at 31 March 2011

	£'000
Tier 1 Capital	**330**
Tier 2 Capital	**0**
Tier 3 Capital	**0**
Total Capital Resources	**330**
Pillar 1 Requirement	**284**
Surplus over Capital Requirements	**46**

Pillar 3

Remuneration Policy

The FSA has amended the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU), and specifically BIPRU 11, to now include a requirement for disclosure of the Company's approach to linking remuneration to risk

The Company feels that its Remuneration Policy appropriately addresses potential conflicts of interest and the Company's authorised persons are not rewarded for taking inappropriate levels of risk Under the Remuneration Code, the Company is classified as a Tier Four Firm, which allows the Company to disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing the Company's policy In formalising the Remuneration Policy, the Firm relied on established systems and controls already in use Remuneration shall be based on competitive market-based wages that fairly compensate employees in view of skills provided, work performed and responsibility undertaken Overall remuneration will also include an annual incentive compensation reflecting individual performance and responsibility, both short-term and long-term, as well as the company's overall performance

The Bainbridge Partners LLP remuneration policy is available for review on site on request The Firm will declare its remuneration data by the 31st December 2011 and make it publically available on site on request