

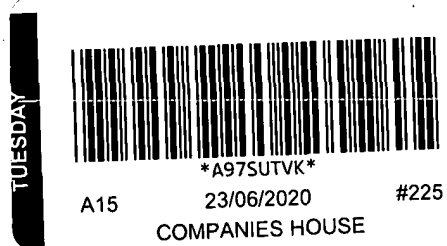
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Registration No. OC393269

Squarepoint Capital LLP

Members' Report and Audited Financial Statements

For the year ended 31 December 2019



Squarepoint Capital LLP

Registration No: OC393269

General Information

Designated members

Squarepoint UK Holdco 1 Limited
Squarepoint UK Holdco 2 Limited (appointed 31 March 2019)

Registered Office

Citypoint
One Ropemaker Street,
London
EC2Y 9AW

Banker

Barclays Partnership PLC
1 Churchill Place
Canary Wharf
London
E15 5HP

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf, London
E14 5EY

Squarepoint Capital LLP
Registration No: OC393269

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Squarepoint Capital LLP

Registration No: OC393269

Members' Report

For the year ended 31 December 2019

The members present their Members' Report for Squarepoint Capital LLP (the "Partnership") with the financial statement for the year ended 31 December 2019.

Principal activities

The principal activity of the Partnership is to provide sub-investment management services to Squarepoint Master Fund Limited ("Master Fund"), Squarepoint Core Master Fund Limited ("Core Master Fund"), Squarepoint Focus Master Fund Limited ("Focus Master Fund") and Squarepoint Atlas Master Fund ("Atlas Master Fund" collectively, "the Funds"). The Partnership expects to continue its current activities.

Business review

The audited financial statements for the Partnership are shown on pages 7 to 20. The profit for the year after taxation amounted to £68,114,086 (2018: £9,963,165).

During the year, the Partnership expanded its investments research and investment management teams and considers the future prospects of the Partnership to be good. The Partnership is authorised and regulated by the Financial Conduct Authority ("FCA").

When MiFID II became applicable on 3 January 2018, the Partnership began paying for European research from its Research Payment Account ("RPA"). This RPA account is funded with expense reimbursement revenue from the Master Fund and Core Master Fund in relation to the research expense charged to the respective funds.

The Partnership monitors performance on an on-going basis.

Designated members

The following designated members hold office at the date of this statement:

Squarepoint UK Holdco 1 Limited
Squarepoint UK Holdco 2 Limited

Policy on members' drawings

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at 'par', so the retiring members are repaid their capital at 'par'.

Squarepoint Capital LLP

Registration No: OC393269

**Members' Report (continued)
For the year ended 31 December 2019**

Staff

The Partnership averaged 111 employees in 2019 (2018: 75).

Principal risks and uncertainties

The Partnership's business carries a number of risks and uncertainties. Details of the Partnership's financial risks, are as follows:

Foreign currency exchange risks

The Partnership engages in related company transactions denominated in currencies other than Great British Pounds. The Partnership primarily has transactional currency exposures arising from payments that are denominated in United States Dollars (USD). Management monitors the exposure to this, however no active management of this risk is undertaken

Credit risk

Credit risk is the potential exposure of the Partnership to loss in the event of non-performance by a counterparty. The Partnership controls credit risk through credit approval processes for new counterparties. The Partnership minimises exposure to credit risk by monitoring of creditworthiness of all counterparties.

Liquidity risk

Liquidity risk is the risk that the sources of funding for the Partnership's business activities may not be available. This risk is managed via detailed budgeting and cash management techniques and is monitored by the Partnership's senior management.

Operational risk

Operational risk is the risk of a loss or other adverse consequences arising from inadequate or failed internal processes, people and systems, or from external events. The Partnership mitigates its operational risk exposures through the implementation of an effective control environment.

Legal, regulatory and compliance risk

This category includes the risk of non-compliance with applicable legal and regulatory frameworks, in particular those of the FCA. The Partnership has established procedures that are designed to ensure compliance with applicable statutory and regulatory requirements. The Partnership has established internal policies relating to ethics and business conduct, compliance with applicable legal and regulatory requirements, as well as training and other procedures designed to ensure that these policies are followed.

Members' liabilities

The Partnership has not provided any indemnities to its Members at any time during the financial period or at the time when the members' report is approved.

Financial Instruments

Pursuant to its BiPRU authorisation, the Partnership does not use or hold financial instruments for its own account.

Charitable and political contributions

Neither the Partnership (either individually or as an entity) nor its affiliates made any charitable or political contributions in 2019 (2018: nil).

Squarepoint Capital LLP

Registration No: OC393269

**Members' Report (continued)
For the year ended 31 December 2019**

Going concern

Based on projected cash requirements and available resources, the members have a reasonable expectation that the Partnership has adequate resources (both financial and regulatory) to continue in operational existence for the foreseeable future. Furthermore, the members are not aware of any material uncertainties that may cast significant doubt upon the Partnership's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Members are mindful of the effects of the 2020 outbreak of COVID-19 ("Coronavirus") on the economies of various nations, individual companies and the global markets and note that the impact of this pandemic cannot necessarily be foreseen at the present time. Following the advice issued by the UK Government in March 2020 regarding employees working from home and other social distancing measures, we have enacted procedures to facilitate this and have a detailed plan that enables effective operation to continue whilst employees are not physically present in the offices.

Due to the remuneration structure which allows for cost-plus reimbursement of certain expenses, we anticipate that there will be a decrease in office related costs and proportional decrease in revenue due to the lack of employee related office and travel costs for the duration of the pandemic.

We do not foresee the temporarily decreased cost base having an impact on the entity's ability to continue as a Going Concern and the Parent has committed to providing additional funding in the event that it is required to fund the Partnership's continuing operations Refer note 2 for more details.

Events since the statement of financial position date

There have been no events after the statement of financial position date which require disclosure in these financial statements.

Statement of disclosure to auditors

In the case of each of the persons who are members at the time when the report is approved, there is no relevant audit information of which the Partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the Partnership's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).



Pierre-Adrien Nicolas
Director of Squarepoint UK Holdco 1 Limited
Designated member
19 June 2020

Squarepoint Capital LLP

Registration No: OC393269

**Statement of Members' Responsibilities
For the year ended 31 December 2019**

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under those regulations the members have elected to prepare the Partnership's financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and in accordance with applicable laws and regulations in United Kingdom.

Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period. In preparing those 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of Squarepoint Capital LLP
For the year ended 31 December 2019**

Opinion

We have audited the financial statements of Squarepoint Capital LLP for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Member's Capital, the Cash Flow Statement and the related notes 1 to 12, 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 (IFRSs) as adopted by the European Union.

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 December 2019 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRS as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, 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.

Emphasis of Matter - Effects of COVID-19

We draw attention to Notes 2.1 and 12 of the financial statements, which describe the economic disruption the Company is facing as a result of COVID-19, which is impacting the financial markets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Squarepoint Capital LLP (continued)
For the year ended 31 December 2019

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies 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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 June 2020

Squarepoint Capital LLP**Registration No: OC393269****Statement of Comprehensive Income
For the year ended 31 December 2019**

	Notes	2019	2018
		GBP	GBP
Revenue			
Sub-manager fees	3,7	95,398,855	25,170,523
Expense reimbursement revenue	3,7	25,605,287	26,605,985
Other income		981,690	50,565
Total revenue		121,985,832	51,827,073
Expenses			
Staff cost	4	35,841,896	26,673,516
Depreciation expense	5	2,396,889	890,405
Other operating expenses		15,632,961	14,299,987
Total expenses		53,871,746	41,863,908
Net profit for the year before taxes		68,114,086	9,963,165
Tax expense	6	-	-
Net profit for the year before members' remuneration and discretionary profit allocation		68,114,086	9,963,165
Other comprehensive income for the year		-	-
Total comprehensive income for the year		68,114,086	9,963,165

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Squarepoint Capital LLP**Registration No: OC393269****Statement of Financial Position
For the year ended 31 December 2019**

	Notes	2019 GBP	2018 GBP
Assets			
Non-current assets			
Property, plant and equipment	5	5,333,946	2,933,468
Right-of use-assets	5	11,839,141	-
Rent deposits		504,350	2,030
Total non-current assets		17,677,437	2,935,498
Current assets			
Cash		2,693,159	2,809,345
Amounts due from related parties	7	91,924,892	41,033,998
Prepaid expenses		766,709	958,411
Other receivables		803,857	249,216
Total current assets		96,188,617	45,050,970
Total assets		113,866,054	47,986,468
Liabilities			
Current liabilities			
Accrued compensation		22,272,208	14,209,062
Accrued expenses		4,060,024	2,628,392
Lease liabilities	8	1,612,679	-
Amounts due to a related party	7	52,433	8,354
Total current liabilities		27,997,344	16,854,808
Non-current liabilities			
Lease liabilities	8	11,156,983	-
Total non-current liabilities		11,156,983	-
Total Liabilities		39,154,327	16,845,808
Net current assets		68,191,273	28,205,162
Net assets attributable to members		74,711,727	31,140,660
Other debt due to members within one year		-	172,000
Equity- members' other interests			
Members' other interests – other reserves classified as equity		73,390,111	29,647,044
Members' capital		1,321,616	1,321,616
Total members' other interests		74,897,092	30,968,660
Total members' interest			
Other debts due to members		-	172,000
Members' other interest		74,711,727	30,968,660
Total members' interest		74,711,727	31,140,660

Approved by the Members and authorised for issue on 19 June 2020.

Pierre-Adrien Nicolas
 Director of Squarepoint UK Holdco 1 Limited
 Designated member



The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Squarepoint Capital LLP

Registration No: OC393269

Statement of Changes in Members' Capital
For the year ended 31 December 2019

	Members' capital (classified as equity) GBP	Other reserves GBP	Total Members' capital GBP	Loans due to members GBP	Total Members' capital and other interest GBP
Members' interests at 31 December 2018	1,321,616	29,647,044	30,968,660	172,000	31,140,660
Profit for the year	-	68,114,086	68,114,086	-	68,114,086
Total comprehensive income	-	68,114,086	68,114,086	-	68,114,086
Members' capital introduced	1,000	-	1,000	-	1,000
Members' capital returned	(1,000)	-	(1,000)	-	(1,000)
Profit allocation	-	(44,684)	(44,684)	-	(44,684)
Effect of adoption of IFRS 18 as at 1 January 2019	-	(326,355)	(326,355)	-	(326,355)
Other division of profit	-	(24,000,000)	(24,000,000)	(172,000)	(24,172,000)
Drawings	-	-	-	-	-
Members' interests at 31 December 2019	1,321,616	73,390,111	74,711,727	-	74,711,727

	Members' capital (classified as equity) GBP	Other reserves GBP	Total Members' capital GBP	Loans due to members GBP	Total Members' capital and other interest GBP
Members' interests at 31 December 2017	1,321,616	20,313,408	21,635,024	1,744,000	23,379,024
Profit for the year	-	9,963,165	9,963,165	-	9,963,165
Total comprehensive income	-	9,963,165	9,963,165	-	9,963,165
Members' capital introduced	3,000	-	3,000	-	3,000
Members' capital returned	(3,000)	-	(3,000)	-	(3,000)
Profit allocation	-	(457,526)	(457,526)	-	(457,526)
Other division of profit	-	(172,000)	(172,000)	172,000	-
Drawings	-	-	-	(1,744,000)	(1,744,000)
Members' interests at 31 December 2018	1,321,616	29,647,044	30,968,660	172,000	31,140,660

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Squarepoint Capital LLP

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Cash Flow Statement

For the year ended 31 December 2019

	2019 GBP	2018 GBP
Cash flows from operating activities		
Net profit for the year before taxes	68,114,086	9,963,165
Adjustments for to reconcile net profit for the year before taxes to net cash flow from operating activities:		
Depreciation expense	2,396,889	890,405
Loss on disposal of property and equipment	-	10,095
Operating income before working capital changes	70,510,975	10,863,665
(Increase)/decrease in assets:		
Rent deposits, prepaid expenses and other receivables	(865,259)	939,071
Amounts due from related parties	(50,890,894)	(18,256,943)
Increase in liabilities:		
Accrued compensation	8,063,146	4,936,612
Accrued expenses	1,431,632	1,021,734
Lease liabilities	12,769,662	-
Movement in retained earnings on transition to IFRS 16	(326,355)	-
Amounts due to a related party	44,079	7,076
Cash flow (used in) from operations	40,736,986	(488,785)
Income tax received	-	-
Net cash flows (used in)/provided by operating activities	40,736,986	(488,785)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,486,431)	(1,114,032)
Change in right-of-use assets	(13,150,077)	-
Proceeds from disposal of property and equipment	-	-
Net cash flows used in investing activities	(16,636,508)	(1,114,032)
Cash flow from financing activities		
Payments to members	(24,216,664)	(2,201,529)
Members' capital introduced	1,000	3,000
Repayment of capital to member	(1,000)	(3,000)
Net cash used in financing activities	(24,216,664)	(2,201,529)
Net (decrease) in cash	(116,186)	(3,804,346)
Cash at the beginning of the year	2,809,345	6,613,691
Cash at the end of the year	2,693,159	2,809,345

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Squarepoint Capital LLP

Registration No: OC393269

**Notes to the Financial Statements
For the year ended 31 December 2019**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate Information

The financial statements of Squarepoint Capital LLP (the "Partnership") for the financial year ended 31 December 2019 were authorised for issue by the members on 19 June 2020. The Partnership is a limited liability partnership incorporated in England. The registered office of the Partnership is located at Citypoint, One Ropemaker Street, London, EC2Y 9AW.

The principal activity of the Partnership is the provision of investment management and support services with respect to affiliated alternative investment funds.

The Partnership's parent entity is Squarepoint UK Holdco 1 Limited ("UK Holdco 1"), a company incorporated in England. Its ultimate holding company is Squarepoint Holdings Limited ("Squarepoint Ltd"), a limited company incorporated in Cayman Islands. Related parties refer to companies which are affiliated with Squarepoint Ltd (collectively referred to as "Squarepoint Group"). All members are related parties of Squarepoint Ltd.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Partnership's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2019. The accounting policies applied are consistently used throughout the financial year.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in pounds sterling ("GBP" or "£").

After reviewing the Partnership's forecast and projections, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. The Partnership therefore continues to adopt the going concern basis in preparing its financial statements.

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the Partnership's results, operations or liquidity is uncertain. Designated Members continue to monitor the impact that the COVID-19 pandemic has on the Partnership, the asset management industry and the economies in which the Partnership operates. Designated Members have performed a COVID -19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to assess the potential impact that COVID-19 may have on the Partnership's operations, liquidity, solvency and regulatory capital position as well as relevant stress tests to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

The Partnership provides services to other group entities and receives a service fee based on the reimbursement of its certain costs plus a mark up, as well as a share of residual profits. Designated Members do not expect COVID-19 to have a material impact on the Partnership's future operations, ability to continue trading or future profitability. The Partnership is dependent on the ability of the entities to which it provides services to continue to pay the service fees due.

Squarepoint Capital LLP

Registration No: OC393269

**Notes to the Financial Statements
For the year ended 31 December 2019**

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

The most likely expected financial impact on the group is in respect of its future management fee income as this is calculated based on a percentage of assets under management and this has fallen since the year end due to the impact of COVID-19 on listed global equity and debt markets. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and the group have a number of actions that they are able to take to protect profitability and solvency.

Designated Members have determined that Squarepoint Group has sufficient financial resources to continue paying the service fee due to the Partnership, on time, and that the Partnership also has sufficient financial resources to meet its short-term liabilities as they arise.

Having performed this analysis management believes regulatory capital requirements continue to be met and have sufficient liquidity to meet its liabilities for the next 12 months from the date of approval of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the partnership expects to be able to meet its obligations as and when they fall due for the foreseeable future.

2.2 Adoption of new IFRS

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Partnership is the lessor.

The Partnership adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Upon adoption of IFRS 16, the Partnership applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Partnership recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Squarepoint Capital LLP**Registration No: OC393269****Notes to the Financial Statements
For the year ended 31 December 2019****2. Summary of significant accounting policies (cont'd)****2.2 Adoption of new IFRS**

The effect of adopting IFRS 16 is, as follows:

	31 December 2019	1 January 2019
	GBP	GBP
Impact on balance sheet (increase/(decrease)):		
Assets		
Right-of-use asset	11,839,141	13,150,077
Prepays	(5,202)	(328,324)
Total assets	11,833,939	12,821,753
Liabilities		
Lease liabilities	12,769,661	13,832,370
Deferred lease liabilities	-	(1,031,290)
Total liabilities	12,769,661	12,801,080
Impact on statement of comprehensive income (increase/(decrease)):		
Depreciation	1,310,936	-
Interest expense	285,482	-
Net decrease in profit and loss	1,596,418	-
Impact on statement of cash flows (increase/(decrease)):		
Repayment of principal and interest portion of lease liabilities	(1,348,190)	-
Net cash flows from financing activities	(1,348,190)	-
Impact on statement of changes in equity (increase/(decrease)):		
Retained earnings	-	326,355

Squarepoint Capital LLP

Registration No: OC393269

**Notes to the Financial Statements
For the year ended 31 December 2019**

2. Summary of significant accounting policies (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitment as of 31 December 2018, as follows:

	GBP
Assets	
Operating lease commitment as at 31 December 2018	15,430,755
Incremental borrowing rate	2.79%
	<hr/>
Discounted operating lease commitment as at 1 January 2019	13,832,370
	<hr/>
Lease liabilities as at 1 January 2019	13,832,370

2.3 Significant accounting estimates and judgements

The preparation of the Partnership's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Partnership cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Partnership would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Partnership 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Partnership estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

2.4 Revenue recognition

Revenue is recognised as the performance obligations are satisfied and to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur and the economic benefits will flow to the Partnership. Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes or duty. The Partnership assesses its revenue arrangements to determine if it is acting as principal or agent. The Partnership has concluded that it is acting as a principal in all of its revenue arrangements.

2.5 Expenses

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income.

2.6 Reserves

Members' capital represents those amounts introduced by the members of the Partnership to be used in business operations. All amounts credited to each members' capital account shall be immediately and fully available to the Partnership for unrestricted use to cover risks and losses as and when they may occur. Future capital contributions and withdrawals are permitted as outlined by the partnership agreements. The Partnership has no obligation to return members' capital and, accordingly, this has been treated as an equity item within the statement of financial position. Other reserves represent the unallocated profits from operations of the period.

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2.7 Members' profit allocation and drawings

Following the payment of any fixed remuneration entitlement to members, any remaining profits are shared among the members as decided on a discretionary basis by management in the Squarepoint Group and governed by the Partnership Agreement dated 19 December 2014. Amounts becoming due to members in respect of members' profit allocation are debited directly to reserves in the period in which the divisions occurs. Drawings are recognised as loans due from members until allocation occurs.

2.8 Foreign currencies

Functional and presentation currency

The Partnership's financial statements are presented in GBP, which is the Partnership's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.9 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, leasehold improvement, computer equipment and furniture are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes replacing part of the fixed asset that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The cost of a fixed asset is recognised as an asset, if, and only if, it is probable that future economic benefits associated with the item will flow to the Partnership and the cost of the item can be measured reliably. Right-of-use assets are presented separately in the statement of financial position and are depreciated on a straight-line basis over the lease term.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvement	- Over the term of the lease
Computer equipment	- 4 - 6 years
Office furniture	- 5 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on derecognition of the assets are included in profit or loss in the financial year the asset is derecognised.

2.10 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Partnership becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or the Partnership has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is included in the profit or loss for that period.

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Notes to the Financial Statements
For the year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

Debtors

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the debtors are derecognised or impaired as well as through the amortisation process.

The Partnership classified amounts due from related parties, and other receivables as loans and receivables.

2.11 Impairment of financial assets

The Partnership assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

Management at Squarepoint Group assess whether counterparties within the Group would be able to meet payment upon request. The Partnership has assessed the probability of default to be remote and the impact on the measurement of debtors in the financial statements to be immaterial.

2.12 Cash

Cash deposits in the statement of financial position comprise of cash at banks, which is subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents include cash, as defined above, net of outstanding bank overdrafts considered to be an integral part of the Partnership's cash management.

2.13 Financial liabilities

Financial liabilities include payables which are normally settled on 30 – 90 days' terms. Financial liabilities also include amounts due to affiliate which are due upon demand of the affiliate.

Financial liabilities are recognised in the statement of financial position when, and only when, the Partnership becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value of consideration received less directly attributable transaction costs and are measured subsequently at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.14 Leases (Policy applicable before 1 January 2019)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating leases payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a reduction of rental expense on a straight-line basis over the term of the lease.

2.15 Leases (Policy applicable as of 1 January 2019)

The Partnership assesses at contract inception whether a contract is, or contains, a lease. The Partnership applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Partnership recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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**Notes to the Financial Statements
For the year ended 31 December 2019**

2. Summary of significant accounting policies (cont'd)

2.15 Leases (Policy applicable as of 1 January 2019) (cont'd)

Right-of-use assets

The Partnership recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Partnership recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2.16 Taxation

The Partnership is not a tax paying entity for the years ended 31 December 2019 and 31 December 2018. The taxation payable on the Partnership profits is the personal liability of the members, although payment of such liabilities is administered by the Partnership on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the statement of financial position within loans and other debts due to members or set against amounts due from members as appropriate.

2.17 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Partnership if that person:

- (i) Has control or joint control over the Partnership;
- (ii) Has significant influence over the Partnership; or
- (iii) Is a member of the key management personnel of the Partnership or of a parent of the Partnership.

(b) An entity is related to the Partnership if any of the following conditions applies:

- (i) The entity and the Partnership are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Partnership or an entity related to the Partnership. If the Partnership is itself such a plan, the sponsoring employers are also related to the Partnership;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

3. Revenue

Revenue represents the expense reimbursement revenue from provision of research, administrative and related services to related companies, and sub-manager fees for investment management services provided to alternative investment funds of the Squarepoint Group. Refer to note 7 for further details.

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Notes to the Financial Statements
For the year ended 31 December 2019

4. Members' and staff costs

Member's remuneration during the year ended 2019 and 2018 were as follows:

	2019 GBP	2018 GBP
The average profit per member	<u>44,664</u>	<u>251,812</u>
Average profit per member is calculated based on the total profit allocated in the year of £44,664 (2018: £ 629,529) divided by the average number of members during the year of 1 (2018: 2.5).		
Staff cost (excluding members' remuneration):		
- Salaries and wages	30,307,285	22,646,805
- Social security costs	1,193,769	3,016,563
- Pension	4,098,739	841,606
- Other benefits	<u>242,103</u>	<u>168,542</u>
	<u>35,841,896</u>	<u>26,673,516</u>
The average number of employees	<u>111</u>	<u>75</u>

5. Property and Equipment

	Computer Equipment and Furniture GBP	Leasehold Improvements GBP	Right-of-use Assets GBP	Total GBP
Cost				
At 31 December 2018	3,851,883	744,939	-	4,596,822
Effect of adoption of IFRS 16			7,729,102	7,729,102
Additions	3,349,065	137,366	5,420,975	8,907,406
Disposals	-	-	-	-
At 31 December 2019	<u>7,200,948</u>	<u>882,305</u>	<u>13,150,077</u>	<u>21,233,330</u>
Accumulated depreciation				
At 31 December 2018	1,517,350	146,004	-	1,663,354
Charge for the year	1,002,946	83,007	1,310,936	2,396,889
Disposals	-	-	-	-
At 31 December 2019	<u>2,520,296</u>	<u>229,011</u>	<u>1,310,936</u>	<u>4,060,243</u>
Net carrying amount				
At 31 December 2018	<u>2,334,533</u>	<u>598,935</u>	<u>-</u>	<u>2,933,468</u>
At 31 December 2019	<u>4,680,652</u>	<u>653,294</u>	<u>11,839,141</u>	<u>17,173,087</u>

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For the year ended 31 December 2019****6. Taxation**

The Partnership is not a tax paying entity for the year ended 31 December 2019 and 31 December 2018. The taxable income/(loss) from the Partnership flows to the members.

7. Related party transactions

During the year, the Partnership paid expenses on behalf of related parties. The Partnership earned expense reimbursement revenue from Squarepoint Ops LLC ("Ops LLC"), as the main investment manager, amounting to £20,277,593 (2018: £20,736,219) for the services provided to the Master Fund, Core Master Fund, Focus Master Fund and Atlas Master Fund (collectively, "the Funds"). The Partnership earned expense reimbursement revenue from the Master Fund and the Core Master Fund amounting to £5,327,694 (2018: £5,869,766) for research cost incurred on behalf of the respective funds. The Partnership earned sub-manager fees from Ops LLC amounting to £95,584,220 (2018: £25,170,523) for investment management services provided in relation to the Funds.

The amounts due from/ (to) related parties, which are non-trade, unsecured, interest free and are repayable on demand. For the year ended 31 December 2019 and 31 December 2018, receivables and payable from related parties were as follows:

	2019 GBP	2018 GBP
Receivables		
Ops LLC	81,539,719	32,702,292
Squarepoint UK Holdco 1 Limited	4,872,151	6,930,949
Squarepoint Master Fund Limited	1,484,549	690,509
Squarepoint Core Master Fund Limited	44,268	656,594
Squarepoint UK Holdco 2 Limited	-	49,100
Squarepoint Operations Private Limited	28,305	4,476
Corporate Reporting Technologies AG	55,088	-
Squarepoint Capital Hong Kong Limited	1,248	-
Squarepoint Op Co GmbH	-	70
Squarepoint Operating Company	3,899,564	8
	<u>91,924,892</u>	<u>41,033,998</u>
Payable		
Squarepoint Intermediate LP	-	(8,354)
Squarepoint Op Co GmbH	(948)	-
Squarepoint UK Holdco 2 Limited	(51,485)	-
	<u>(52,433)</u>	<u>(8,354)</u>

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**Notes to the Financial Statements
For the year ended 31 December 2019****8. Lease liabilities**

	2019 GBP	2018 GBP
As at 1 January 2019	13,832,370	-
Accretion of interest	285,482	-
Payments	(1,348,191)	-
As at 31 December 2019	<u>12,769,661</u>	-
Current	1,612,678	-
Non-Current	<u>11,156,983</u>	-

Maturity analysis of lease liabilities is as follows:

	2019 GBP	2018 GBP
3 to 12 months	1,612,678	1,107,120
1 to 5 years	7,632,665	3,505,880
Over 5 years	3,524,318	3,229,100
	<u>12,769,661</u>	<u>7,842,100</u>

The Partnership, along with certain other affiliated entities, signed a guaranty of sublease, pursuant to which the Guarantors (including the Partnership) agree to guarantee, jointly and severally, absolutely, unconditionally and irrevocably, an affiliates' obligations under the sublease. As of December 31, 2019, maximum payments that the Partnership would owe along with other affiliated entities if the lease were to default amount to £25,744,571.

9. Financial risk management objectives and policies

The Partnership is involved in the provision of administration and related services and is exposed to financial risks arising from its operations. The key financial risks include credit risk, foreign currency risk, and liquidity risk. Interest rate risk is minimal as the Partnership does not engage in investing or external financing activities. The members review and agree policies and procedures for the management of these risks. It is and has been throughout the current period the Partnership's policy that no trading in derivatives shall be undertaken.

The following sections provide details regarding the Partnership's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Partnership's exposure to credit risk arises primarily from other receivable and due from related parties. Cash is placed with financial institutions with good credit rating.

The Partnership attempts to minimise its credit risk by evaluating and monitoring the credit exposure to its trade debtors. The Partnership adopted the policy of only dealing with credit worthy counterparties to mitigate the risk of financial loss from default. The Partnership transacts significantly with its related companies as it considers its related companies to be of good financial standing. The carrying amounts of other receivable, amounts due from related parties and cash represent the Partnership's maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk. At the end of the reporting period, there is no financial asset of the Partnership that is past due.

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9. Financial risk management objectives and policies (cont'd)

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or the fair value of the financial instruments will fluctuate because of changes in foreign exchange rates.

The functional currency of the Partnership is GBP. The Partnership is exposed to foreign currency risk which arises from its transactions denominated in currencies other than its functional currency. The Partnership primarily has transactional currency exposures arising from payments that are denominated in United States Dollars (USD). Management will monitor the USD exchange rate, however no active management of this risk is undertaken.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Partnership monitors its net operating cash flows and maintains an adequate level of cash. The Partnership projects operating expenses in advance for two quarters and receives an advance for these operating expenses from the Master Fund via Ops LLC. Any shortfall in advance of the Master Fund or expenses incurred on behalf of the Core Master Fund and Focus Master Fund is reimbursed to the Partnership via Ops LLC shortly after the respective quarter end.

The undiscounted contractual cash flows of accrued operating expenses and amounts due to a related party are equivalent to their carrying amounts. Accrued operating expenses are repayable within one year whereas amounts due to a related party is repayable on demand.

10. Capital management

The Partnership manages its capital, comprised of the members' interests, to ensure that it will be able to continue as a going concern as well as sustaining the future development of the business. The Partnership is compliant with the capital requirements as set forth by the FCA.

11. Contingencies and commitments

There are no contingencies or commitments as at the reporting date other than the lease commitments disclosed in note 8.

12. Subsequent events

The Partnership has evaluated subsequent events through to the date of approval of the financial statements. On March 23, 2020, the Partnership distributed £65,000,000 to its member, Squarepoint UK Holdco 1 Limited.

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. For further discussion concerning the management assessment of COVID 19 impact on the Partnership refer to note 2.