

Company Number 633999

ETPCAP2 DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR
TO 31 DECEMBER 2023**

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ETPCAP2 DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

Directors	Neil Fleming John Dunphy
Company Secretary, Registered Office and Corporate Service Provider	Verita Corporate Services Limited 116 Mount Prospect Avenue Clontarf Dublin 3 Ireland
Company Number	633999
Independent Auditor	Baker Tilly Ireland Audit Limited (Chartered Certified Accountants and Statutory Audit Firm) Penthouse Floor 5 Lapps Quay Cork Ireland
Banker, Issue Agent and Principal Paying Agent (All Series)	The BNY Mellon London Branch One Canada Square London E14 5AL United Kingdom
Placing Agents (All Series)	GWM Group, Inc.* 34 East Putnam Avenue Suites 112 & 113 Greenwich, CT 06830 USA GWM LTD Cumberland House, 7th Floor 1 Victoria Street Hamilton HM 11 Bermuda
*Except for Series S303 and S354 for which Placing Agent is:	FlexInvest Securities, Inc. d/ b/ a GWM Group, Inc. 34 East Putnam Avenue Suites 112 & 113 Greenwich, CT 06830 USA
Arranger and Charged Assets Realisation Agent (All Series)	FlexFunds LTD 4th Floor, Harbour Place, 103 South Church Street P.O. Box 10240, Grand Cayman
Calculation Agent (All Series)	FlexFunds ETP, LLC 1221 Brickell Ave, Ste 1500 Miami, FL 33131 USA
Note Trustee	Intertrust Trustees Limited 35 Great St. Helen's London EC3A 6AP United Kingdom

ETPCAP2 DESIGNATED ACTIVITY COMPANY

DIRECTORS AND OTHER INFORMATION

Legal Advisers

Irish law (All Series): Mason Hayes & Curran
South Bank House
Barrow Street
Dublin 4
Ireland

Broker and margin account provider

Interactive Brokers LLC
One Pickwick Plaza
Greenwich
CT 0683082
USA

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors present their report and audited financial statements for the financial year ended 31 December 2023 for ETPCAP2 Designated Activity Company (the "Company").

Directors and secretary and their interests

The names of the persons who were directors at any time during the financial year ended 31 December 2023 are set out below:

Neil Fleming
John Dunphy

Verita Corporate Services Limited acted as secretary for the financial year.

The Directors and their immediate relatives and the Company secretary did not hold an interest in any shares of the Company as at 31 December 2023 or at any time during or since the financial year end.

Relevant Audit Information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Accounting Records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at: 116 Mount Prospect Avenue, Clontarf, Dublin 3.

Principal activities, review of the business and future developments

The Company is a special purpose vehicle incorporated in Ireland on 14 September 2018 with registration number 633999. The principal activity of the Company is the issue of series of Notes (the "Notes") under its EUR 5,000,000,000 Secured Note Programme. The proceeds from the Notes have been used to fund the acquisition of certain specified assets, as described in the relevant Series Memorandums. The investments in each Series may be managed by a portfolio manager the details of which will be set out in the relevant Series Memorandum. The Notes are limited recourse and any amounts payable on the Notes will be met from available proceeds received on the disposal of the assets. The Notes are listed on the multi-lateral trading facility of the Vienna Stock Exchange. Refer to Notes 14 and 15 for further details of transactions during the financial year ended 31 December 2023.

The Company issued and funded a number of new Series during the year. Refer to Note 25 for the list of funded Notes in issue as at 31 December 2023.

The Directors do not envisage any changes to principal activities of the Company for the foreseeable future.

Financial key performance indicators

The financial key performance indicators used to monitor the Company's performance include: maintenance fees, gross value of assets and the number and value of Series in issue.

Results

The Statement of Comprehensive Income is set out on page 10 and shows profit for the financial year after taxation of USD 523 (2022: USD 800).

Dividends

The Directors have not recommended a dividend payment for the financial year ended 31 December 2023 (2022: Nil).

Going Concern

The Directors have prepared the financial statements on the going concern basis. The going concern policy is laid out in Note 3.

Principal risk and uncertainties

The financial risk management policies of the Company and the associated market, credit and liquidity risks are discussed in detail in note 20 to the financial statements.

Subsequent events

Details of subsequent events are included in Note 23.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial period. There have been no political donations during the financial year ended 31 December 2023 (2022: Nil).

Independent auditor

Baker Tilly Ireland Audit Limited (Chartered Certified Accountants and Statutory Audit Firm) have indicated their willingness to continue in office in accordance with Section 282(2) of the Companies Act 2014.

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Statement of directors' responsibilities with regard to the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.


Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the Board


Neil Fleming
Director
Date: 18/10/2024


John Dunphy
Director
Date: 18/10/2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ETPCAP2 DESIGNATED ACITIVITY COMPANY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Opinion

We have audited the Financial Statements of ETPCAP2 DAC (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the statement of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and its profit for the year ended.
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of Financial Statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis Of Matter – Uncertainty Relating To The Fair Value Of Financial Assets

In forming our opinion on the Financial Statements, we have considered the appropriateness of the estimate of fair value of the financial assets classified as fair value through the Statement of Comprehensive Income. We draw your attention to note 21 of the financial statements relating to fair value of this class of assets. A significant portion of these assets required estimates based on the portfolio manager's judgement of fair value at the year end. However, due to the relationship between the financial assets classified at FVTPL and the related financial liabilities, these estimates are not deemed to have any effect on the net assets of the company as at 31 December 2023. Our opinion is not modified in respect of this matter.

Conclusions Relating To Going Concern

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ETPCAP2 DESIGNATED ACITIVITY COMPANY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions On Other Matters Prescribed By The Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters On Which We Are Required To Report By Exception

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the company. We have nothing to report in this regard.

Responsibilities Of The Directors For The Financial Statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ETPCAP2 DESIGNATED ACITIVITY COMPANY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Auditor's Responsibilities For The Audit Of The Financial Statements

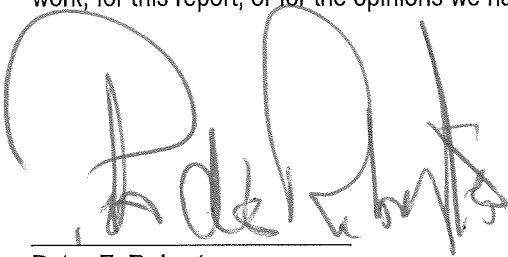
Our objectives are to obtain reasonable assurance about whether the Company's Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 Irish Auditing and Accountancy Supervisory Authority's website at:

https://www.iaasa.ie/getmedia/b23890131cf6458b9b8fa98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

The Purpose Of Our Audit Work And To Whom We Owe Our Responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter E. Roberts

For and on behalf of

Baker Tilly Ireland Audit Limited,

Chartered Certified Accountants and Statutory Audit Firm,

Penthouse Floor,

5 Lapps Quay,

Cork,

Ireland.

Date: 18th October 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR TO 31 DECEMBER 2023

	Note	Year ended 31 Dec. 2023 USD	Year ended 31 Dec. 2022 USD
Interest income	6	928,367	245,778
Dividend income		5,709,821	5,069,334
Other income	6	492,069	497,629
Net gains/(losses) on financial assets at fair value through profit and loss	4	10,911,080	(19,848,410)
Net gains/(losses) on financial liabilities at fair value through profit and loss	5	(9,512,416)	20,680,052
Impairment charge	11	-	-
Interest expense	7	(5,202,562)	(4,457,965)
FX gains		(85,588)	81,567
Other operating expenses	8	<u>(3,239,688)</u>	<u>(2,266,918)</u>
Profit on ordinary activities before taxation		1,083	1,067
Taxation	9	<u>(560)</u>	<u>(267)</u>
Profit on ordinary activities after taxation		<u>523</u>	<u>800</u>

The results for the financial year relate entirely to continuing operations. Total comprehensive income for the financial year is attributable to the owners of the Company. There is no other comprehensive income.

The notes to the financial statements on pages 14 to 34 form an integral part of the financial statements.

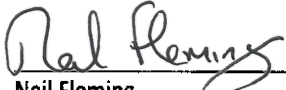
ETPCAP2 DESIGNATED ACTIVITY COMPANY


STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 Dec. 2023 USD	31 Dec. 2022 USD
Non-current assets			
Financial assets at fair value through profit and loss	10, 21	<u>104,930,376</u>	<u>96,231,015</u>
Current assets			
Financial assets at fair value through profit and loss	10, 21	67,546,639	52,432,585
Financial assets at amortised cost	11	-	-
Cash and cash equivalents	12	11,188,524	13,337,481
Other assets	13	<u>421,364</u>	<u>269,892</u>
		<u>79,156,797</u>	<u>66,039,958</u>
Total assets		<u>184,087,173</u>	<u>162,270,973</u>
Equity			
Share capital	18	1	1
Retained earnings		<u>4,182</u>	<u>3,659</u>
Shareholder's funds		<u>4,183</u>	<u>3,660</u>
Non-current liabilities			
Financial liabilities at amortised cost	15	-	-
Financial liabilities at fair value through profit and loss	10, 21	<u>183,354,711</u>	<u>161,771,774</u>
		<u>183,354,711</u>	<u>161,771,774</u>
Current liabilities			
Other liabilities	16	727,692	495,262
Tax payable		<u>587</u>	<u>277</u>
		<u>728,279</u>	<u>495,539</u>
Total equity and liabilities		<u>184,087,173</u>	<u>162,270,973</u>

The notes to the financial statements on pages 14 to 34 form an integral part of the financial statements. All equity is attributable to the owners of the Company.

The financial statements were approved by the Board of Directors and signed on its behalf of by:


Neil Fleming
 Director
 Date: 18/10/2024


John Dunphy
 Director
 Date: 18/10/2024

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2022	Share capital	Retained Earnings	Total
	USD	USD	USD
Balance as at 1 January 2022	1	2,859	2,860
Share capital	-	-	-
Profit for the year	<u>-</u>	<u>800</u>	<u>800</u>
Balance as at 31 December 2022	<u>1</u>	<u>3,659</u>	<u>3,660</u>
2023	Share capital	Retained Earnings	Total
	USD	USD	USD
Balance as at 1 January 2023	1	3,659	3,660
Share capital	-	-	-
Profit for the year	<u>-</u>	<u>523</u>	<u>523</u>
Balance as at 31 December 2023	<u>1</u>	<u>4,182</u>	<u>4,183</u>

The notes to the financial statements on pages 14 to 34 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
	USD	USD
Operating activities		
Profit on ordinary activities after taxation	523	800
Adjustments for:		
(Gains)/losses on assets at FVTPL	(10,911,080)	19,848,410
(Gains)/Losses on liabilities at FVTPL	9,512,416	(20,680,052)
Foreign exchange	(34,444)	(15,317)
Taxation	300	(7)
(Increase)/decrease in interest receivable	(65,462)	(89,770)
Increase/(decrease) in interest payable	26,423	11,843
(Increase)/decrease in other assets	(86,279)	(37,400)
Increase in other liabilities	<u>206,007</u>	<u>68,328</u>
Net cash (outflow) utilised in operating activities	(1,351,597)	(893,165)
Cash flows from investing activities		
Purchase of financial assets	(655,324,339)	(353,385,046)
Sale of financial assets	642,467,280	318,456,426
Loans issued	-	-
Loans repaid	<u>-</u>	<u>-</u>
Net cash (outflow) used in investing activities	(12,857,059)	(34,928,620)
Cash flows from financing activities		
Proceeds from issuance of Notes	35,150,780	46,030,066
Redemption of Notes	<u>(24,091,082)</u>	<u>(11,272,206)</u>
Net cash inflow from financing activities	12,059,698	34,757,860
Net decrease in cash and cash equivalents	(2,148,957)	(1,063,925)
Opening balance cash and cash equivalents	<u>13,337,481</u>	<u>14,401,406</u>
Cash and cash equivalents at 31 December 2023	<u><u>11,188,524</u></u>	<u><u>13,337,481</u></u>

The notes to the financial statements on pages 14 to 34 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. General information

Reporting entity

The Company is a designated activity company incorporated in Ireland on 14 September 2018 under the Companies Act 2014 with registration number 633999. The address of the registered office is: 116 Mount Prospect Avenue, Clontarf, Dublin 3, Ireland. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 4 to 6.

2. Period of financial statements

The financial statements are for the financial year 1 January 2023 to 31 December 2023. The comparatives are for the financial year 1 January 2022 to 31 December 2022.

3. Significant accounting policies

The principal accounting policies that the Company applied in preparing its financial statements for the financial year ended 31 December 2023 are set out below.

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at their respective fair values at the end of each reporting period, as explained in the accounting policies below.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and as applied in accordance with the provisions of the Companies Act 2014 (as amended).

Going concern

The Directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet their obligations as they fall due.

New and revised Standards and Interpretations in issue but not yet effective

There are no standards, amendments of interpretations that are effective for the financial year beginning on 1 January 2023 that would have a material effect on the financial statements of the Company.

Reporting currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are therefore presented in U.S. Dollars ('USD') which has been determined as the Company's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies have been translated at the exchange rates in effect at the balance sheet date. All exchange differences are recognised in the profit and loss before taxation in the financial period in which they arise.

Financial Instruments

Classification and measurement of financial instruments

Under IFRS 9 Financial Instruments ("IFRS 9"), the classification of financial assets is driven by cash flow characteristics and the business model for managing the asset. Classification determines how financial assets are accounted for in the financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 also introduces one impairment model i.e. expected losses model. Specifically, entities are required to account for expected credit losses from when financial instruments are first recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**3. Significant accounting policies (continued)**

All financial instruments are initially recognised at fair value. All financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

Under IFRS 9, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. In evaluating the classification of its financial assets the Company has determined the following classifications:

Wrapper

Wrapper type Series ('Wrappers') use the proceeds of the issuance of the Notes to invest in equity type instruments. The contractual cash flows of these Series are not solely payments of principal and interest. Therefore, the business model is to manage the equity type instruments that the Wrappers invest into on a fair value basis.

Hybrid

Hybrid type Series ('Hybrids') use the proceeds of the issuance of the Notes to enter into loan agreements and invest in equity type instruments. The contractual cash flows of these Series are not solely payments of principal and interest. Therefore, the business model is to manage the loan agreements and equity type instruments that the Hybrids invest into on a fair value basis.

Loans

Loan type Series ('Loans') use the proceeds of the issuance of the Notes to enter into loan agreements. The contractual cash flows of these Series are solely payments of principal and interest. Therefore, the business model is to measure the loan agreements that the Loans enter into at amortised cost.

Funds

Fund type Series ('Funds') use the proceeds of the issuance of the Notes to invest in a securities account or a custody account and, acting through a portfolio manager, invest in a range of financial instruments: bonds, derivatives, equities etc. Portfolio manager will be responsible for identifying or selecting financial instruments and investment opportunities for investment. The contractual cash flows of these Series are not solely payments of principal and interest. Therefore, the business model is to manage the instruments that the Funds invest into on a fair value basis.

At initial recognition, financial assets at FVTPL are measured at their fair value. Such assets are carried at fair value on the Statement of Financial Position with changes in fair value included in the Statement of Comprehensive Income in the period in which they occur.

Financial assets classified at amortised cost, are measured initially at fair value. They are subsequently measured at amortised cost using the effective interest method less any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Company utilises the last traded market price for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes issued

Under IFRS 9, when the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Company has designated certain notes issued upon initial recognition as at fair value through profit or loss ("fair value option"). A liability may be designated at fair value through profit or loss ("FVTPL") when it eliminates or significantly reduces a measurement or recognition inconsistency "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis. For any series where an accounting mismatch does not arise, the notes issued are carried at amortised cost.

3. Significant accounting policies (continued)

The Company's financial liabilities that comprise Notes issued, are:

- classified as being measured at amortised cost for the Loans. These Notes are initially recognised at fair value at the date of issuance of the liability, and are subsequently measured at amortised cost. Interest expense from these Notes is included in 'Interest expense' in the Statement of Comprehensive Income.
- designated as financial liabilities at fair value through profit or loss for the Wrappers and the Hybrids. Financial liabilities at fair value through profit or loss are initially recognised at fair value and are subsequently measured at FVTPL on the basis that the financial liabilities and corresponding financial assets in each series are managed and their performance evaluated on a fair value basis. Gains and losses arising from changes in the fair value of the financial liabilities are presented in the Statement of Comprehensive Income in the financial year in which they arise.

Recognition/derecognition of financial instruments

Purchases and sales of investments are accounted for on the day the trade transaction takes place. Investments are derecognised when the rights to receive cash flows from the investments have expired or the risks and rewards of ownership have all been substantially transferred. Notes are derecognised, either partly or fully, when the Company has transferred substantially part or all of its financial obligations relating thereto. Realised gains and losses on disposals are reflected as net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss.

Impairment of financial assets

In accordance with IFRS 9 the Company is required to determine the impairment of financial assets on an expected credit loss (ECL) basis. Financial assets at amortised cost fall within scope of IFRS 9 impairment. Financial assets that are classified at fair value through the profit and loss (FVTPL) do not need to be assessed for impairment as they are already recorded at fair value which reflects credit risk at the measurement date.

The Company is required to calculate an ECL provision which represents an un-biased (i.e. neutral, not optimistic or pessimistic) probability weighted estimate of the present value of cash shortfalls which is determined by evaluating a range of possible outcomes. Cash shortfalls are the difference between the cash flows that are due to the Company in accordance with the contractual terms of the financial asset and the cash flows that the Company expects to receive.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers an event of default as having occurred when the entities that the Company entered into loan agreements with are unlikely to pay their credit obligations in full.

The Company reviews all financial assets that are subject to the IFRS 9 impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

3. Significant accounting policies (continued)

The Company measures ECL on an individual basis. Loss allowances for ECL which are material are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

The Company holds cash and cash equivalents, interest receivable, other assets, amounts payable on purchase of financial assets, interest payable and other liabilities at amortised cost. The Directors consider that the carrying amounts of these assets and liabilities approximate their fair values due to their short term nature. The probability of default on these balances is considered small and the ECL on these balances is therefore immaterial. The Company also holds loans at amortised cost. See Note 11 with regards to ECL on loans.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash held on call with the bank and in broker accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Also includes balances held on each of the series broker accounts.

Interest income and interest expense

Interest income and interest expense are accrued on an effective interest basis and are recognised in the Statement of Comprehensive Income as interest income and interest expense respectively.

Expenses

Expenses are accounted for on an accruals basis with the exception of transaction costs relating to the acquisition of financial assets at fair value through profit or loss which are charged as incurred.

Maintenance Fee Income

Maintenance Fee may arise as a percentage of the value of assets in a Series, a percentage of Notes' subscription proceeds received by the Company or a fee paid by a specified party, as detailed in the Series Memorandums. Maintenance Fee income is accounted for in line with expenses' accruals.

Taxation*Corporation tax*

Current tax is provided on the Company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the financial year end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the end of the financial year. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Use of estimates, judgements and assumptions*Assumptions and estimation uncertainties*

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Valuations of certain non-market quoted assets are dependent on the receipt of timely and accurate financial information from various parties. Such valuations also require the use of market comparatives which may not be readily available or directly comparable.

Judgements

Investment entities

The Company has adopted the provisions of IFRS 10 'Consolidated Financial Statements' ('IFRS 10') which provides an exception to consolidation for entities qualifying as investment entities.

IFRS 10 defines an investment entity as an entity that:

- obtains funds from one or more investors for the purpose of providing those investors with professional investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Further, IFRS 10 notes that an investment entity displays the following characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise return;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interest in the form of equity or similar interest.

Accordingly, the Company has not consolidated its subsidiary investments in Wrapper type Series but rather accounted for them at fair value through profit or loss. Additionally, and as required, the Company has applied the exemption from applying the equity method of accounting in IAS 28 'Investments in Associates and Joint Ventures'. That is, similar to the Company's investments in subsidiaries, investments in associates in Wrapper type Series are accounted for at fair value through profit or loss.

4. Net (losses)/gains on financial assets at FVTPL

	2023	2022
	USD	USD
Net (losses)/gains from changes in fair value	12,075,863	(6,376,142)
Net realised (losses)	(1,164,783)	(13,472,268)
	<u>10,911,080</u>	<u>(19,848,410)</u>

5. Net gains/(losses) on financial liabilities at FVTPL

	2023	2022
	USD	USD
Net gains/(losses) from changes in fair value	(13,013,021)	17,416,608
Net realised gains	3,500,605	3,263,444
	<u>(9,512,416)</u>	<u>20,680,052</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. Interest and other income

	2023	2022
	USD	USD
Interest income		
Interest income from bank and broker accounts	567,232	88,827
Interest income from bonds	361,135	156,951
	<u>928,367</u>	<u>245,778</u>

	USD	USD
Other income		
Maintenance fees	492,069	497,629
Other	-	-
	<u>497,629</u>	<u>497,629</u>

7. Interest expense

	2023	2022
	USD	USD
Interest expense on margin accounts	309,364	73,243
Interest expense on Notes	4,893,198	4,384,722
	<u>5,202,562</u>	<u>4,457,965</u>

8. Other operating expenses

	2023	2022
	USD	USD
Auditor fees	87,282	32,536
Portfolio manager fees	1,234,940	1,135,962
Other operating expenses	1,917,466	1,098,420
	<u>3,239,688</u>	<u>2,266,918</u>

Profit on ordinary activities before taxation is after charging:

	2023	2022
	USD	USD
Statutory auditors remuneration (excluding VAT):		
Statutory audit (excluding VAT)	83,968	26,452
Corporation tax compliance (excluding VAT)	3,314	-
	<u>87,282</u>	<u>26,452</u>

Auditors' remuneration for work carried out relate to fees payable to Baker Tilly Ireland Audit Limited, the statutory audit firm. Fees are exclusive of VAT. There were no fees in relation to non-audit assurance or other services paid to the auditors during the financial year 31 December 2023 (2022: NIL) other than as stated above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

9. Taxation

	2023	2022
	USD	USD
Analysis of charge for the period		
Current tax charge for the period	560	267
Deferred tax (asset)/liability	-	-
Total tax charged for the period	<u>560</u>	<u>267</u>
Factors affecting tax charge for the period		
Profit on ordinary activities before taxation	<u>1,083</u>	<u>1,067</u>
Profit on ordinary activities at the standard rate of corporation tax in Republic of Ireland of 12.5%	(135)	(152)
Higher tax rate applicable under Section 110 of the Taxes Consolidation Act, 1997	(135)	(133)
Non-deductible expenses	(577)	-
Prior year current tax under-provision	287	-
Total tax charged for the period	<u>(560)</u>	<u>(267)</u>

The Company is a qualifying Company within the meaning of Section 110 of the Taxes Consolidation Act 1997. As such the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

10. Financial assets at FVTPL

All of the Company's investments fall under the definition of Collateral Assets (as set out in the relevant Series constituting instrument) and as such are secured for the payment of obligations to the specific Notes payable under that Series. Each Series' investments are legally segregated such that no other Notes or Company obligations can be met from the proceeds of the investments of that respective series.

	2023	2022
	USD	USD
Opening Balance	148,663,600	133,595,436
Acquisition of financial assets	655,324,339	353,385,046
Disposal of financial assets	(642,467,280)	(318,456,426)
(Losses)/gains on financial assets	10,911,080	(19,848,410)
Foreign exchange movement	45,276	(12,046)
Total	<u>172,477,015</u>	<u>148,663,600</u>

An analysis of the financial assets at FVTPL by type is as follows:

	2023	2022
	USD	USD
Listed equities	65,438,892	50,425,912
Derivatives – options & futures on listed equities	(1,932,472)	(291,153)
Unlisted equities	98,229,266	90,990,449
Corporate & Government bonds – listed	10,741,329	7,568,392
Total	<u>172,477,015</u>	<u>148,663,600</u>

10. Financial assets at FVTPL (Continued)

Certain Series assets have been used for securities lending activity against which the broker has posted collateral of an equivalent value. The value of such securities lent as at the financial year end, was USD 9,502,702 (2019: USD 5,440,047).

11. Financial assets at amortised cost

	2023	2022
	USD	USD
Opening Balance	-	-
Loans issued	-	-
Impairment charge	-	-
Foreign exchange movement	-	-
Total	<u>-</u>	<u>-</u>

In 2018, the Company advanced loans totalling USD 9,111,000 under Series 233. There were no repayments on these during the prior period or current financial year. The loans were assessed for impairment on an expected credit loss (ECL) basis and it was determined that a loss allowance of USD 9,111,000 be recognised in the 31 December 2019 financial statements, as the counterparty failed to make any distributions and interest payments since June 2019 and was in breach of other obligations. Therefore, the Calculation Agent prepared fair valuation report for S233 which concludes that the assets have a fair value of USD Nil. There has been no change in the assessment of recoverability of the loan.

Impairment of financial assets at amortised cost

Only assets held at amortised cost are in scope of the IFRS 9 impairment.

12. Cash and cash equivalents

	2023	2022
	USD	USD
Cash at bank	124,386	510,949
Cash held by brokers	16,932,376	15,459,500
Overdrafts with brokers	(5,868,239)	(2,632,968)
	<u>11,188,524</u>	<u>13,337,481</u>

Certain Series invest in listed equities, bonds and trade in derivatives. This activity is conducted through Series specific accounts with Interactive Brokers LLC and may incorporate margin overdrafts from Interactive Brokers LLC that are secured by the assets held in the specific Series account. The broker may offset cash held in one currency against overdrafts in another for the same Series.

13. Other assets

	2023	2022
	USD	USD
Dividends receivable	43,655	37,876
Interest receivable	162,826	97,364
Fees receivable	215,152	134,651
Other receivables	1	1
	<u>421,634</u>	<u>269,892</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. Financial liabilities at FVTPL

	2023	2022
	USD	USD
Opening Balance	161,771,774	147,721,329
Issuances	36,150,780	46,030,066
Redemptions	(24,091,082)	(11,272,206)
Foreign exchange movement	10,823	(27,363)
(Gains)/losses on financial liabilities	9,512,416	(20,680,052)
	<u>183,354,711</u>	<u>161,771,774</u>

The Company's financial liabilities consist of Notes issued. During the financial year the Company issued Note series totalling USD 36,150,780 (2022: USD 46,030,066) at FVTPL and USD Nil (2022: USD Nil) at amortised cost (note 15). The maturity dates for the Notes funded and in issue range from 16 August 2023 until 2 August 2117. The Notes are scheduled to be redeemed as per the conditions of the constituting instruments. The Notes do not carry a fixed rate of interest. Series 386, 425 and 431 were redeemed and closed during the year.

The value of S234 Notes as at 31 December 2023 and 2022 is USD Nil as it derives its value from S234 assets, which have been valued at Nil.

Security

The Company's obligations under the Notes are secured under the Trust Deed relating to the Notes in favour of the Trustee for the benefit of the Noteholders. The Notes will be secured on the underlying charged assets.

Limited recourse

The Notes are direct limited recourse obligations of the Company which are payable solely out of amounts received by or on behalf of the Company in respect of proceeds of realisation of the Charged Assets. The payment of principal, interest and other amounts in respect of the Notes will be made solely from amounts received in respect of the Underlying Assets of the relevant series of Notes of the Company in accordance with the priority of payments and not from the assets relating to any other series or from the general assets of the Issuer. Following maturity or redemption of the Collateral Assets there will be no other assets of a particular series available to meet any outstanding claims against that series.

Subordination of the Notes

Payments of principal in respect of the Notes are subordinated to the payment of certain amounts payable by the Company, as set out in the Series Memorandum of the relevant series. There can be no assurance that the Noteholders will receive the full redemption amount payable by the Company under the Notes or that they will receive any return on their investment in the Notes. In certain circumstances, returns to the Noteholders could be reduced to zero.

Further information in respect of, inter alia, the Notes, the underlying investments and the security provisions pertaining to the Notes are contained in the Series Memorandum issued by the Company in respect of each class of Notes issued.

Final Redemption of the Notes

Unless previously redeemed in full, the Company shall redeem the notes in full on the scheduled final maturity payment date. The Notes are listed on the third market of the Vienna Stock Exchange.

Interest

All of the Notes issued are variable coupon notes. The Notes shall receive a total return based on the performance of the portfolio during the interest period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

14. Financial liabilities at FVTPL (continued)*Notes on custody*

Series of Notes may be issued free of payment and unfunded. The Company holds these Notes on behalf of the series on custody with Bank of New York while the Notes are sold to subscribing investors. The Company has not invested into these Notes and no income is generated from these Notes while held on custody. If the Note position remains unsold, the Note is redeemed and the amount of the Note under the series will be reduced. These Notes will only be included in the Company's financial liabilities once they are sold/partly sold to subscribing investors.

15. Financial liabilities at amortised cost

	2023	2022
	USD	USD
Opening Balance	-	-
Issuances	-	-
Transfers from ETPCAP	-	-
Loan impairment	-	-
Foreign exchange movement	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The terms and conditions of the Notes are the same as details provided for Notes in note 14.

Interest is payable to the Noteholders on the interest payment date determined by the Calculation Agent as per the conditions of the Note agreements.

The value of S233 Notes as at 31 December 2022 and 2023 is USD Nil as it derives its value from S233 assets. See Note 11.

16. Other liabilities

	2023	2022
	USD	USD
Trade creditors and accruals	688,881	482,874
Interest payable on notes issued	-	-
Interest payable on broker accounts	38,811	12,388
	<u>727,692</u>	<u>495,262</u>
	<u>727,692</u>	<u>495,262</u>

17. Ownership of the Company

There is no ultimate controlling party. The share capital is held under a charitable trust constituted under the laws of Ireland by Boru Corporate Trustees Limited, as trustee of the ETPCAP2 Trust.

The Company's financial statements are not consolidated into the results of any entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

18. Share capital

	2023 USD	2022 USD
Authorised:		
1,000 ordinary shares of €1 each	1,123	1,123
Allotted, called up and unpaid:		
1 ordinary shares of €1 each	1	1

The authorised share capital of the Issuer is €1,000 divided into 1,000 shares of €1.00 each, of which for the financial year, 1 was issued and directly held by Boru Corporate Trustees Limited.

19. Directors and employees

The Company has no employees. The Directors received no remuneration from the Company in respect of qualifying services rendered during the financial year. Verita Corporate Services Limited, as corporate service provider, received fees during the financial year (see Note 22) of which a portion represents directorship services provided by the Directors of the company who are also employees of the corporate service provider. The Directors are not paid directly by the Company but their directorship services are reflected in their salary received from the corporate service provider.

20. Financial risk management Strategy in using financial instruments

Financial assets and financial liabilities are central to the activities of the Company. The financial liabilities provide the funding to purchase the Company's financial assets.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company commenced trading. The Company has attempted to match the properties of the financial liabilities to the financial assets held to avoid significant elements of risk generated by mismatches of investment performance against its obligations. However, ultimately any risk exposures will be passed to the Noteholder as the notes are limited recourse obligations of the Company which are payable solely out of amounts received by or on behalf of the Company in respect of proceeds of investments.

Risks

The principal risks arising from the Company's investments are credit risk, liquidity risk and market risk, including interest risk, currency risk and price risk. Further details of the risks associated with an investment in the notes issued by the Company are set out in the Series Memorandum.

Market risk

Market risk is the potential change in value caused by movements in interest rates, foreign exchange or market prices of financial instruments. The Noteholders are exposed to the market risk of the asset portfolio.

A disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date is required, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. Whilst the financial instruments held by the Company are separately exposed to interest rate risk, currency risk and market price risk, the Company itself is not materially exposed to market risk overall. The noteholders are exposed to the market risk of the financial instruments held by the Company. Any movement on the market value of these assets is passed on to the noteholders due to the nature of the Notes issued.

Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments fluctuate because of changes in the market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments and cash flows. The interest basis on the majority of the financial liabilities in issue is floating. However as the actual return is based on the performance of the asset portfolio of that series, the directors believe there is no significant interest risk retained in the Company and no active management of this risk is required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

ETPCAP2 DESIGNATED ACTIVITY COMPANY
20. Financial risk management (continued)

The noteholders are exposed to the market risk of the financial instrument. In terms of market rate sensitivity, any movement on the market value of the assets is passed on to the noteholders due to the nature of the Notes issued. If the interest rates as at 31 December 2023 increased by 5% with all other variables held constant, this would have increased the assets of the Company by approximately USD 563,996 (2022 USD 667,463). This excludes any interest payable on the Financial Liabilities at FVTPL as while interest bearing notes any interest is dependent on the profits of the underlying assets for each series. The interest rate profile of the Company's financial assets and liabilities is set out in the following table:

2023	Fixed Interest rate USD	Floating Interest rate USD	Non-Interest Bearing USD	Total USD
Assets				
Financial asset at FVTPL	10,649,931	91,398	161,735,686	172,477,015
Cash and cash equivalents	-	11,188,524	-	11,188,524
Interest receivable	-	-	162,826	162,826
Other assets	-	-	258,808	258,808
Total assets	10,649,931	11,279,922	162,157,320	184,087,173
Liabilities				
Financial liabilities at FVTPL	-	183,354,711	-	183,354,711
Interest payable	-	-	38,811	38,811
Other liabilities	-	-	688,881	688,881
Tax payable	-	-	587	587
Total liabilities	-	183,354,711	728,279	184,082,990
Interest rate sensitivity gap	10,469,931	(172,074,789)	161,429,041	4,183
2022				
	Fixed Interest rate USD	Floating Interest rate USD	Non-Interest Bearing USD	Total USD
Assets				
Financial asset at FVTPL	7,553,008	15,384	141,095,028	148,663,600
Cash and cash equivalents	-	13,337,481	-	13,337,481
Interest receivable	-	-	97,364	97,364
Other assets	-	-	172,528	665,823
Total assets	7,553,008	13,352,865	141,365,100	162,270,973
Liabilities				
Financial liabilities at FVTPL	-	161,771,774	-	161,771,774
Interest payable	-	-	12,388	12,388
Other liabilities	-	-	482,874	482,874
Tax payable	-	-	277	277
Total liabilities	-	162,299,880	495,539	162,267,713
Interest rate sensitivity gap	7,553,008	(148,418,909)	140,869,561	3,660

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. Financial risk management (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises on financial instruments that are denominated in a different currency to the Company's functional currency. As all financial assets of the Company are denominated in USD, the Company is exposed to currency risk only through accrued expenses.

If the exchange rate at 31 December 2023 between the Company's functional currency and all other currencies had strengthened or weakened by 5% with all other variables held constant, this would have increased/decreased the assets and the liabilities of the Company by approximately USD 778,246 (2022: USD 2,892). The foreign current financial assets and liabilities comprised:

	2023	2022
	USD	USD
Assets		
Financial assets held as at fair value through profit and loss	15,616,976	1,284,126
Cash and cash equivalents	83,104	640,965
Total assets	15,700,080	1,925,091
Liabilities		
Financial liabilities designated at fair value through profit and loss	-	1,903,692
Other liabilities	135,153	78,046
Total liabilities	135,153	1,981,738

Price risk

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 market factors affecting the pricing of all similar financial instruments.

The Company holds a range of assets which include listed equities, unlisted equity based assets and loans. As such the Company is exposed to price risk, whereby the value of the investments could fall due to a negative shift in market prices. However, the exposure to this risk sits principally with the Noteholders and the Company itself is not materially exposed to this risk.

At 31 December 2023, should the price of the financial instrument asset held by the Company have increased or decreased by 5% with all other variables remaining constant, the increase or decrease in the assets and the liabilities would amount to approximately USD 8,623,851 (2022: USD 7,447,737).

20. Financial risk management (continued)**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company is not exposed to any significant net liquidity risk. The noteholders assume the liquidity risk arising from the Company's financial instruments.

The Notes issued are limited in recourse to the assets underlying each particular Series. The repayment of the limited recourse notes will only be made from the disposal of the relevant assets. Early termination and redemption provisions require that each of the noteholders is returned an amount which is the sum of the Collateral Assets. There will be no other assets of the Company available to meet the outstanding claims of the noteholders, who will bear any shortfall pro-rata to their holdings of Notes. The Company therefore has no net liquidity risk.

The Company is required to disclose the contractual gross undiscounted cash flows payable on the Company's financial liabilities. However, since the amount payable on maturity is dependent upon the performance of the relevant Collateral Assets, it is not possible to accurately estimate such cash flows. Therefore, the liquidity risk of the Company is best represented by disclosing the fair values of the Company's financial assets and financial liabilities. There is no active liquidity management required for this Company. The Company has attempted to match the properties of its financial liabilities to its assets to avoid significant elements of risk.

Listed bonds and equities that are trade on recognised stock exchanges are considered liquid and accordingly classified as due in less than one year.

Liquidity risk 2023	Less than 1 year USD	Between 1 and 5 years USD	Over 5 years USD	Total USD
Assets				
Financial asset at FVTPL	67,677,165	1,169,957	103,629,893	172,477,015
Cash and cash equivalents	11,188,524	-	-	11,188,524
Interest receivable	206,481	-	-	206,481
Other assets	215,153	-	-	215,153
Total assets	79,287,323	1,169,957	103,629,893	184,087,173
Liabilities				
Financial liabilities at FVTPL	-	-	183,354,711	183,354,711
Interest payable	38,811	-	-	38,811
Other liabilities	688,881	-	-	688,881
Tax payable	587	-	-	587
Total liabilities	728,279	-	183,254,711	184,082,990

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. Financial risk management (continued)

Liquidity risk 2022	Less than 1 year USD	Between 1 and 5 years USD	Over 5 years USD	Total USD
Assets				
Financial asset at FVTPL	52,432,585	2,496,883	93,734,132	148,663,600
Cash and cash equivalents	13,337,481	-	-	13,337,481
Interest and dividends receivable	135,239	-	-	135,239
Other assets	134,653	-	-	134,643
Total assets	66,039,958	2,496,833	93,734,132	162,270,973
Liabilities				
Financial liabilities at FVTPL	-	-	161,771,774	161,771,774
Interest payable	12,388	-	-	12,388
Other liabilities	482,874	-	-	482,874
Tax payable	277	-	-	277
Total liabilities	495,539	-	162,771,774	162,267,713

Credit risk

Credit risk is the risk that an issuer or a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company relies upon the performance of the investments to enable the Company to meet its obligations under the Notes. Upon a default of one of the investments, the recourse on the related Series of Notes is limited to amounts receivable from the Charged Assets.

Each Series of Notes constitutes secured, limited recourse obligations of the Issuer, recourse in respect of which is limited to the proceeds of the Collateral assets relating to such Series. No other assets of the Issuer will be available to satisfy claims of the holders of such Series. Therefore, to the extent that: the value of the Collateral Assets fall; payment under the charged assets is not made; the charged assets cannot be sold; or, the relevant security arrangements are not enforceable, the holders of such series will suffer losses.

The Company holds listed equities and bonds, private equity-based investments, loans and hybrid instruments. The loans and private equity assets primarily are exposed to the real estate sector with the direct counterparties located in the following countries: Cayman Islands and USA. The listed financial instruments are traded on the global exchanges. The Company receive updates on the status of its private equity-based investments, loans and hybrids on a periodic basis to assist it in reviewing their performance.

The table below summarises the details of the loans at 31 December 2023:

Series	Counterparty	CCY	Amount (Pre-Impairment)	Maturity	Secured/unsecured
S233	Prodigy Network LLC	USD	9,111,000	30/06/2023	Secured
S234	PN Newco, Inc.	USD	5,328,750	19/07/2023	Secured

The underlying entity of Prodigy Network Secured Debt (Series 233 - Loan) and Prodigy Network Class C Preferred Equity (Series 234 - Hybrid), Prodigy Network LLC, filed for bankruptcy on 25th of March 2022. The issuer filed Proof of Claim in August 2022 to preserve any claims against S233 and S234 assets. The assets of S233 and S234 are valued at USD Nil as at 31 December 2023.

The loan counterparties are unrated. In terms of credit risk, the Company relies on the counterparty observing the terms of the loan (in particular any events of default linked to credit sensitivity of the Borrower). If the Borrower breaches those terms, the loan will be in default and the Notes will be redeemable with security becoming enforceable. The portfolio manager/arranger performs an expected credit loss (ECL) assessment on the loans advanced by the Company. In prior years, there were material loss allowances for ECL and a deduction was needed from the gross carrying amount of the assets. See Note 11 for details. The loan on S234 is valued at FVTPL together with the equity component of the hybrid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

20. Financial risk management (continued)

At 31 December, the Company was invested in USD 10,741,329 (2022: 7,568,392) of listed corporate and government bonds with the following credit quality based on the Standard & Poor ratings scale (or the equivalent ratings from other agencies).

Rating	2023	2022
A- to AAA	6,510,822	2,798,012
BBB- to BBB+	2,843,967	2,520,176
BB- to BB+	839,743	1,923,646
B- to B+	218,600	310,782
CCC- to CCC+	322,663	13,716
D	5,534	2,020

The Company is also exposed to credit risk on its cash at bank. The credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings as assigned by international credit-rating agencies as at 31 December 2023.

As at 31 December 2023, Bank of New York Mellon has a AA- and Interactive Brokers LLC has a BBB+ Standard & Poor's long term credit rating.

The following table details the aggregate fair value by country of the financial assets and liabilities (other than listed equity, debt and bonds), as at the year end:

Country	2023	2022
Cayman Islands	98,229,266	90,995,261

21. Fair value hierarchy of assets and liabilities

IFRS 13 'Fair Value Measurement' specifies that financial instruments which are fair valued through profit or loss, must be classified in accordance with a hierarchy of valuation techniques based on whether the inputs into those valuation techniques are observable (reflecting market value obtained from independent sources) or unobservable (requiring the use of models and assumptions). The two types of inputs have created the following hierarchy:

- Level 1: quoted prices (i.e. unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. 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 of the instrument in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement of the instrument 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 judgement, considering factors specific to the financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Fair value hierarchy of assets and liabilities (continued)

The determination of what constitutes "observable" requires significant judgment by the Company. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instrument. The Company's financial instruments have been classified within levels 1 and 3.

Level 3 financial assets are assets for which prices are available but for which the majority of inputs are unobservable. The remainder of the Company's investments are classified within level 3 of the fair value hierarchy because there is limited valuation data or quotations received require management judgment. These investments are typically loans and equity positions that trade privately, sufficient data to satisfy the definition of 'observable market quote' is unavailable. Level 3 valuation methodologies include net asset value calculations and utilisation of recent market prices as best estimation of fair valuation.

The Company's financial liabilities at fair value through profit or loss are derived from the fair value of the financial assets and are therefore classified on a consistent basis with those instruments.

The following tables provide an analysis within the fair value hierarchy of financial assets and liabilities, measured at fair value:

2023 (USD)	Level 1	Level 2	Level 3	Total
Assets				
Financial asset held at FVTPL	74,247,749	-	98,229,266	172,477,015
	<u>74,247,749</u>	<u>-</u>	<u>98,229,266</u>	<u>172,477,015</u>
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at FVTPL	-	-	183,354,711	183,354,711
	<u>-</u>	<u>-</u>	<u>183,354,711</u>	<u>183,354,711</u>
2022 (USD)				
Assets				
Financial asset held at FVTPL	57,703,151	-	90,960,449	148,663,600
	<u>57,703,151</u>	<u>-</u>	<u>90,960,449</u>	<u>148,663,600</u>
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at FVTPL	-	-	161,771,771	161,771,774
	<u>-</u>	<u>-</u>	<u>161,771,774</u>	<u>161,771,774</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Fair value hierarchy of assets and liabilities (continued)

During the year ended 31 December 2023, there were no transfers between levels of the fair value hierarchy for financial assets and financial liabilities which were recorded at fair value.

The following table represents the roll forward of the amounts of Level 3 instruments for the financial periods ended 31 December 2023 and 2022:

31 December 2023	Financial assets USD	Financial liabilities USD
Opening balance	90,960,449	161,771,774
Purchases/issuances	4,529,108	36,150,780
Sales/redemptions	-	(24,091,082)
Foreign exchange movements	-	10,823
Gains and losses on assets/Notes	<u>2,739,709</u>	<u>9,512,416</u>
Closing balance	98,229,266	183,354,711
31 December 2022	Financial assets USD	Financial liabilities USD
Opening balance	75,384,857	147,721,329
Purchases/issuances	13,065,155	46,030,066
Sales/redemptions	(176,984)	(11,272,206)
Foreign exchange movements	-	(27,363)
Gains and losses on assets/Notes	<u>2,568,421</u>	<u>(20,680,052)</u>
Closing balance	90,960,449	161,771,774

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Fair value hierarchy of assets and liabilities (continued)

The valuation techniques and unobservable inputs used for the principal Level 3 assets are as follows with the valuation of the corresponding Series being based on the asset valuation less fees accrued.

a) Wrappers - Property

Technique: Fund administrators fair value assessment including appraisal of industrial, commercial, and residential zoned real estate, plus entity's cash flows and costs.

Unobservable inputs: Recent market prices as best estimation of fair value.

b) Wrappers – private assets

Technique: Fund administrators fair value of portfolio funds plus entity's cash flows and costs.

Unobservable inputs: Recent market prices as best estimation of fair value – Private Placements and other securities

c) Wrappers – Traded instruments

Technique: Fund administrator reports detailing fair valuation of cash and liquid securities of the Fund, including Common Stocks, Exchange Traded Funds, Derivative contracts, and Corporate and Sovereign Bonds.

Unobservable inputs: NAV from fund administrator.

Valuation method and Series	Changes to unobservable inputs	Sensitivity of FV to changes in unobservable inputs	Fair value at 31 December of relevant year USD
Wrappers – Property Participant CapitalGrowth Fund, LP(S202)	+/-10%	4,866,123 (2023) 4,684,292 (2022)	48,661,228 (2023) 46,842,916 (2022)
Wrappers – Traded instruments RVX Global Opportunity Fund,Ltd. (S216)	n/a	-	2,283,874 (2023) 2,780,742 (2022)
Wrappers – Property Participant Capital Growth Fund, LP(S303)	+/-10%	1,506,728 (2023) 1,355,180 (2022)	15,067,280 (2023) 13,551,797 (2022)
Wrappers – Property Participant Capital Growth Fund, LP(S418)	+/-10%	853,741 (2023) 690,178 (2022)	8,537,740 (2023) 6,901,778 (2022)
Wrappers – Property Participant Capital Growth Fund, LP(S419)	+/-10%	2,367,914 (2023) 2,124,665 (2022)	23,679,144 (2023) 21,246,647 (2022)

The impact on the fair value of Level 3 financial instruments of using reasonably possible alternative assumptions for the inputs is difficult to assess and cannot be reliably estimated given the private illiquid nature of the underlying investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Fair value hierarchy of assets and liabilities (continued)

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at 31 December 2022 and 2023 but for which fair value is disclosed:

2023	Level 1	Level 2	Level 3	Total
Assets	USD	USD	USD	USD
Cash and cash equivalents	11,188,524	-	-	11,188,524
Interest receivable	-	162,826	-	162,826
Other assets	-	258,808	-	258,808
	11,188,524	421,634	-	11,610,158

2023	Level 1	Level 2	Level 3	Total
Liabilities	USD	USD	USD	USD
Interest payable	-	38,811	-	38,811
Other liabilities	-	688,811	-	688,811
Tax payable	-	587	-	587
	-	728,279	-	728,279

2022	Level 1	Level 2	Level 3	Total
Assets	USD	USD	USD	USD
Cash and cash equivalents	13,337,841	-	-	13,337,841
Interest receivable	-	97,364	-	97,364
Other assets	-	172,528	-	172,528
	13,337,841	269,892	-	13,607,373

2022	Level 1	Level 2	Level 3	Total
Liabilities	USD	USD	USD	USD
Interest payable	-	12,388	-	12,388
Other liabilities	-	482,874	-	482,874
Tax payable	-	277	-	277
	-	495,539	-	495,539

The carrying value of cash and cash equivalents, interest receivable, other assets, amounts payable on purchase of financial assets and other liabilities is deemed to be the best approximation of their fair value due to their short term nature.

22. Related party transactions

Verita Corporate Services Limited, of which Neil Fleming is a director, earned fees of USD 30,872 (2022: USD 6,091). A portion of the corporate services providers' fees represents directorship services provided by the Directors of the Company. The Directors are not paid directly by the Company but their directorship services are reflected in any fees incurred by the corporate services provider.

23. Subsequent events

Series closed subsequent to the year end are noted in Note 25. There have been no other significant subsequent events since the balance sheet date which require disclosure in these financial statements.

24. Contingent liabilities

The Company does not have any contingent liabilities or commitments at 31 December 2023 (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

25. Limited recourse notes funded and in issue at the financial year end

Series	Issue Date	Maturity Date	Currency	Description
202	03/08/2018	02/08/2117	USD	Participant Capital Growth Fund (Series 202)
216	30/07/2018	29/07/2038	USD	RVX Global Opportunity Fund (Series 216)
233	17/08/2018	16/08/2023	USD	Prodigy Network Secured Debt (Series 233)
234	16/07/2018	15/07/2024	USD	Prodigy Network Secured Debt (Series 233)
303	14/05/2022	13/05/2039	USD	Participant Capital Growth Fund Accumulating (Series 303)
372	07/05/2023	06/05/2030	EUR	ATLAS K Notes 20-30 (Series 372)
406	29/04/2023	27/04/2040	USD	AUM Special Situations (Series 406) 20
414*	18/05/2023	17/05/2040	USD	Glovista Global Tactical Asset Allocation - Absolute (Series 414)
415*	20/05/2023	18/05/2040	USD	Glovista Emerging Markets Equities Strategy (Series 415)
417	27/05/2023	25/05/2040	USD	Magen Pegasus Opportunity Fund (Series 417)
418	28/08/2023	27/08/2040	USD	PARTICIPANT CAPITAL GROWTH FUND, LP - ACCUMULATING LIQUIDITY (SERIES 418)
419	26/06/2023	25/06/2040	USD	Participant Capital Growth Fund, LP - Distributing Liquidity (Series 419)
436	30/10/2023	29/10/1930	USD	Aztlan Global SMID Cap Strategy (Series 436)
429	03/09/2022	29/10/1930	USD	CYC Acciones Globales (Series 429)
446*	28/05/2023	25/04/2041	USD	META (Series 446)
448	09/09/2023	06/09/2041	USD	A2 Dynamic Growth (Series 448)
449	30/07/2023	29/07/2041	USD	CZ Trading & Trends (Series 449)
450	25/06/2023	24/06/2041	USD	Balance Ocean – Quant Strategy ETP (series 450)
451	30/06/2023	28/06/2041	USD	Noga MultiStrategy Income Fund (Series 451)
452	23/12/2023	20/12/2041	USD	Fair Value Analysts (Series 452)
453	11/08/2023	11/08/2031	USD	Giborim Investments Fund I (series 453)
465	27/10/2023	25/10/2041	USD	Consertias AS (Series 465)
466	20/10/2023	18/10/2041	USD	A2 Dynamic Volatility (series 466)
467	19/01/2023	17/01/2042	USD	STINGRAY GLOBAL EQUITY (SERIES 467) NOTES DUE 2041
472	16/03/2023	14/03/2042	USD	BESWING ETP (SERIES 472) NOTES DUE 2042
475	28/02/2023	27/02/2042	USD	EQUITY INCOME ETP (SERIES 475) NOTES DUE 2042
476	28/02/2023	27/02/2042	USD	GLOBAL MACRO ETP (SERIES 476) NOTES DUE 2042
485	23/05/2023	21/05/2032	USD	US CORP FIXED INCOME (SERIES 485) NOTES DUE 2032
486	28/06/2023	27/06/2042	USD	ABARK MULTI STRATEGY (SERIES 486) NOTES DUE 2042
487	31/05/2023	30/05/2042	USD	INEXCO BALANCED GTA (SERIES 487) NOTES DUE 2042
499	31/01/2023	30/01/2043	USD	Core Capital Equity (Series 499) Notes due 2043
507	28/06/2023	26/06/2043	USD	Wise Capital Total Return Fund (Series 507) Notes due 2043
508	31/05/2023	29/05/2043	USD	AWM (Series 508) Notes due 2043
509	31/07/2023	30/07/2043	USD	AV Balanced (Series 509) Notes due 2043
513	21/11/2023	20/11/2043	USD	EE11 US Equity (Series 513) Notes due 2043
514	01/12/2023	30/11/2043	USD	CG Digital Currencies (Series 514) Notes due 2043
515	22/12/2023	21/12/2043	USD	Portafolio Equilibrado (PE) (Series 515) Notes due 2043
516	22/12/2023	21/12/2043	USD	Portafolio de Seguridad (PS) (Series 516) Notes due 2043
517	22/12/2023	21/12/2043	USD	Portafolio de Crecimiento (PC) (Series 517) Notes due 2043

*These series, which had been funded, were closed subsequent to the year end.

The following funded series closed during the year. Series may be closed without them ever being funded.

Series	Issue Date	Closed	Currency	Description
386	09/04/2020	29/08/2023	USD	Kronos Equity (Series 386) Notes due 2030
425	26/06/2020	14/07/2023	USD	LifInvest Opportunity Portfolio (Series 425) Notes Due 2040
431	30/07/2020	14/07/2023	USD	LifInvest Opportunity Portfolio S2 (Series 431) Notes Due 2040

26. Approval of the financial statements

The financial statements were approved by the board and authorised for issue on 18 October 2024.