OPTIMAL INVESTMENT GROWTH BASKET LIMITED

Annual Report and Financial Statements

For the year ended 30 September 2024

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
CONTENTS

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
GENERAL INFORMATION

DIRECTORS:	J Lewis D Stephenson K Lancaster-King
ADMINISTRATOR, SECRETARY AND REGISTRAR:	Apex Fund and Corporate Services (Guernsey) Limited (formerly Sanne Fund Services (Guernsey) Limited) 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
REGISTERED OFFICE:	1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
INDEPENDENT AUDITOR:	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ
BANKERS:	Investec Bank (Channel Islands) Limited PO Box 188 Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 3LP
COMPANY REGISTRATION NO:	42302

REPORT OF THE DIRECTORS
For the year ended 30 September 2024

The Directors present the annual report and the audited financial statements ("the financial statements") of Optimal Investment Growth Basket Limited ("the Company") for the year ended 30 September 2024.

Principal Activity

The principal activity of the Company is that of a limited life investment holding company.

The Company is a Guernsey Authorised closed-ended investment company and is subject to the Authorised Closed-Ended Investment Scheme Rules 2021. The Company is listed on the Bermuda Stock Exchange.

Going concern

At an Extraordinary General Meeting of the Company held in August 2023, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's then current termination date of 4 December 2023, and authorised the Directors to seek to raise additional capital through a secondary fund raising under the terms of its new prospectus, issued on 18 September 2023. That capital raising closed on 11 December 2023 and was successful. Accordingly, the Company will continue for a further new investment term, which, in the absence of a further special resolution to extend the life of the Company, will terminate in December 2028, and the Company's shares be redeemed.

During the year, the war in Ukraine and the heightened level of conflict in the Middle East have continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

Results and Dividends

The Statement of Comprehensive Income is set out on page 10. The Directors do not propose a dividend for the year (2023: £ Nil).

Directors

The Directors of the Company during the year and to the date of this report are detailed below.

Janine Lewis

David Stephenson

Keri Lancaster-King

Directors' and Other Interests

Janine Lewis and Keri Lancaster-King are Directors of the Company and, during the year, were directors of Sanne Fund Services (Guernsey) Limited ("SFSGL"). SFSGL served as the Company's Administrator, Secretary, Custodian and Registrar until its merger with Apex Fund and Corporate Services (Guernsey) Limited ("AFCSGL") on 31 January 2025. David Stephenson is a Director of the Company and, during the year, was an employee of SFSGL. With effect from 31 January 2025, AFCSGL is the Company's Administrator, Secretary, Custodian and Registrar. Janine Lewis, Keri Lancaster-King and David Stephenson are employees of AFCSGL.

During the year, no Director has had any beneficial interest in the shares of the Company.

No Director of the Company, or Investec Corporate and Institutional Banking ('ICIB'), the Investment Advisor to the Company, holds any right, either contingent or otherwise, to subscribe for shares in the Company.

Details of fees paid to SFSGL and ICIB during the year are contained in notes 5, 9 and 17 to these Financial Statements.

No fees were paid to the Directors by the Company during the year.

Historical Results

The results and assets and liabilities of the Company for the last 5 years are as follows:

	Total Assets	Total Liabilities	Total Comprehensive Income
	£	£	£
Year ended 30 September 2024	151,928,657	35,648	10,134,408
Year ended 30 September 2023	95,778,965	64,442	10,569,887
Year ended 30 September 2022	85,213,248	68,612	11,238,870
Year ended 30 September 2021	73,954,845	49,079	8,834,166
Year ended 30 September 2020	65,145,734	74,134	2,366,024

Investment Portfolio

The Company's investment portfolio comprises the following investments:

	Percentage of portfolio	Cost	Carrying Value
		£	£
Morgan Stanley Credit Linked Notes	69.7%	100,899,468	100,362,818
Goldman Sachs Index Basket Option	30.3%	28,828,555	43,576,016
		129,728,023	143,938,834

Morgan Stanley and Goldman Sachs are providers of financial services.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with The Companies (Guernsey) Law, 2008.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss for the financial year.

Statement of Directors' Responsibilities (continued)
Under that law, the Directors have prepared the financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. 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 state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable appropriate accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS 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 Company will continue in business.

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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with IFRS, with The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

Independent Auditor
Grant Thornton Limited ('GT') has expressed its willingness to continue in office and a resolution to re-appoint GT as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Keri Lancaster-King
Director
10 March 2025

INDEPENDENT AUDITOR'S REPORT

To the members of Optimal Investment Growth Basket Limited

Opinion

We have audited the financial statements of Optimal Investment Growth Basket Limited (the "Company") for the year ended 30 September 2024, 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 material accounting policy information. The financial statements framework that has been applied in their preparation is applicable law and IFRS Accounting Standards as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2024, and of its financial performance and its cashflows for the year then ended;
- are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the Annual Report

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 5 and 6, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Jeremy Ellis.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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.

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 (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company’s financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

10 March 2025:

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2024

	Notes	2024 £	2023 £
INCOME			
Interest income	6	**6,129,140**	3,742,607
GAINS ON INVESTMENTS			
Realised gains on investments at fair value through profit or loss		**948,777**	-
Unrealised gains on investments at fair value through profit or loss	7	**17,225,049**	15,210,834
		24,302,966	18,953,441
Operating expenses	9	**(1,727,333)**	(914,865)
Foreign exchange gains		**209,368**	7,893
PROFIT FOR THE YEAR		**22,785,001**	18,046,469
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified to profit or loss			
Foreign exchange translation losses		**(12,650,593)**	(7,476,582)
Other comprehensive loss for the year		**(12,650,593)**	(7,476,582)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,134,408**	10,569,887
Earnings per ordinary share			
Basic and diluted earnings per A Class share	10	**550.39**	606.49
Basic and diluted earnings per B Class share	10	**550.39**	606.49

There are no recognised gains or losses other than those reported above.

The notes on pages 14 to 27 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF FINANCIAL POSITION
As at 30 September 2024

	Notes	**2024** £	2023 £
NON-CURRENT ASSETS			
Investments at fair value through profit and loss	7	**43,576,016**	-
Investments at amortised cost	8	**100,362,818**	-
		143,938,834	-
CURRENT ASSETS			
Investments at fair value through profit and loss	7	**-**	32,416,523
Investments at amortised cost	8	**-**	63,043,080
Trade and other receivables	11	**704,136**	145,777
Long-term deposits		**6,515,370**	5,695
Cash and cash equivalents		**770,317**	167,890
		7,989,823	95,778,965
CURRENT LIABILITIES			
Trade and other payables	12	**(9,300)**	(64,442)
NET CURRENT ASSETS		**7,980,523**	95,714,523
NON-CURRENT LIABILITIES			
Trade and other payables	12	**(26,348)**	-
		151,893,009	95,714,523
CAPITAL AND RESERVES			
Share capital	13	**392**	279
Share premium	14	**99,349,558**	45,524,460
Retained earnings	15	**61,507,910**	46,239,320
Translation reserve	16	**(8,964,851)**	3,950,464
EQUITY SHAREHOLDERS' FUNDS		**151,893,009**	95,714,523
Number of fully paid Class A shares		**15,515.718**	16,752.946
Number of fully paid Class B shares		**28,733.614**	13,002.754
Net Asset Value per Class A share		**£3,432.66**	£3,216.68
Net Asset Value per Class B share		**US$4,600.45**	US$3,926.28

The financial statements were approved and authorised for issue by the Board on 10 March 2025 and signed on its behalf by:

Keri Lancaster-King
Director

The notes on pages 14 to 27 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2024

	Note	Management Shareholders	A and B Class Shareholders				Total
		Share Capital	Share Capital	Share Premium	Retained Earnings	Translation Reserve	Total
		£	£	£	£	£	£
Year ended 30 September 2023							
At 30 September 2022		10	269	45,524,460	28,192,851	11,427,046	85,144,636
Total comprehensive income							
Net profit for the year		-	-	-	18,046,469	-	18,046,469
Other comprehensive loss							
Foreign exchange translation losses	**16**	-	-	-	-	(7,476,582)	(7,476,582)
Total comprehensive income		-	-	-	18,046,469	(7,476,582)	10,569,887
At 30 September 2023		**10**	**269**	**45,524,460**	**46,239,320**	**3,950,464**	**95,714,523**
Year ended 30 September 2024							
Total comprehensive income							
Net profit for the year		**-**	**-**	**-**	**22,785,001**	**-**	**22,785,001**
Other comprehensive loss							
Foreign exchange translation losses	**16**	**-**	**-**	**-**	**-**	**(12,650,593)**	**(12,650,593)**
Total comprehensive income		**-**	**-**	**-**	**22,785,001**	**(12,650,593)**	**10,134,408**
Transactions with shareholders							
Shares issued		**-**	**168**	**65,459,071**	**-**	**-**	**65,459,239**
Shares redeemed		**-**	**(55)**	**(11,633,973)**	**(7,516,411)**	**(264,722)**	**(19,415,161)**
Total transactions with shareholders		**-**	**113**	**53,825,098**	**(7,516,411)**	**(264,722)**	**46,044,078**
At 30 September 2024		**10**	**382**	**99,349,558**	**61,507,910**	**(8,964,851)**	**151,893,009**

The notes on pages 14 to 27 are an integral part of these financial statements.

OPTIMAL INVESTMENT GROWTH BASKET LIMITED

STATEMENT OF CASH FLOWS
For the year ended 30 September 2024

	Notes	**2024** £	2023 £
Cash flows from operating activities			
Profit for the year		**22,785,001**	18,046,469
Adjustments for:			
Interest income	6	**(6,129,140)**	(3,742,607)
Interest expense	9	**29,492**	6,171
Gains on investments at fair value through profit and loss	7	**(18,173,826)**	(15,210,834)
Foreign exchange gains		**(209,368)**	(7,893)
(Increase)/decrease in trade and other receivables (excluding interest receivable and transactions with shareholders)		**(198,995)**	6,197
Increase/(decrease) in trade and other payables (excluding interest payable)		**550**	(6,525)
Net cash outflow from operating activities		**(1,896,286)**	(909,022)
Cash flows from investing activities			
Interest income		**198,754**	5,893
Transfer (to)/from long-term deposits		**(6,697,385)**	966,116
Purchases of investments		**(129,728,023)**	-
Disposals of investments		**94,442,235**	-
Net cash (outflow)/inflow from investing activities		**(41,784,419)**	972,009
Cash flows from financing activities			
Issue of ordinary share capital		**65,189,456**	-
Redemption of ordinary share capital		**(19,415,161)**	-
Interest paid		**(58,836)**	-
Net cash inflow from financing activities		**45,715,459**	-
Increase in cash and cash equivalents for the year		**2,034,754**	62,987
Cash and cash equivalents at the beginning of the year		**167,890**	194,482
Foreign exchange translation losses		**(1,432,327)**	(89,579)
Cash and cash equivalents at the end of the year		**770,317**	167,890

The notes on pages 14 to 27 are an integral part of these financial statements.

1. GENERAL INFORMATION

Optimal Investment Growth Basket Limited (“the Company”) is a company incorporated and domiciled in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 3. The principal activity of the Company and its operations are detailed on page 4.

2. MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements of the Company, have been prepared in accordance with IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments measured at fair value.

Going concern

At an Extraordinary General Meeting of the Company held in August 2023, shareholders approved a special resolution to extend the life of the Company for a further period from the Company's then current termination date of 4 December 2023, and authorised the Directors to seek to raise additional capital through a secondary fund raising under the terms of its new prospectus, issued on 18 September 2023. That capital raising closed on 11 December 2023 and was successful. Accordingly, the Company will continue for a further new investment term, which, in the absence of a further special resolution to extend the life of the Company, will terminate in December 2028, and the Company's shares be redeemed.

During the year, the war in Ukraine and the heightened level of conflict in the Middle East have continued to impact upon financial markets. However, the Board does not consider that there will be any significant impact on the Company's ability to continue as a going concern, for the following reasons:

• The Company is closed-ended, as a result of which the Board has the power to decline requests to redeem shareholdings if it believes that such redemptions are not in the best interests of the Company;

• Should the Board agree to a redemption, it would be offered to the investor at a price that the assets can be redeemed in the market. The Company itself would not be exposed to any losses that may arise;

• The Company is less exposed to the risk of widespread investor sell-off, because of the defensive nature of the Company's investment profile. Other than through default or insolvency of the debt provider, investors will be aware that a key element of the Company's investment strategy is to provide capital protection, therefore limiting their exposure to falls in the markets of the kind that are currently being experienced; and

• During the year and subsequent to the reporting date, the Board has received no enquiries, either directly or via the Investment Adviser, from investors wishing to redeem their shareholdings at any other time other than at the predetermined planned date of redemption.

As a result of the above considerations, and as the Company has sufficient working capital and adequate resources to continue in operations and meet its liabilities as they fall due for the foreseeable future, the Directors have determined that these financial statements should be prepared on a going concern basis.

2. MATERIAL ACCOUNTING POLICIES (continued)

Adoption of amended standards
The following relevant amended standard has been applied in these Financial Statements:

- IAS 1 (amended), 'Presentation of Financial Statements' – (amendments relating to the disclosure of accounting policies, effective for accounting periods commencing on or after 1 January 2023); and
- IAS 8 (amended), 'Accounting Policies, Changes in Accounting Estimates and Errors' – (clarifying how companies should distinguish changes in accounting policies from changes in accounting estimates, effective for accounting periods commencing on or after 1 January 2023).

In the opinion of the Directors, the adoption of these amended standards has had no material impact on the Financial Statements of the Company.

Amended standards and interpretations not yet adopted
The following relevant standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective:

- IAS 1 (amended), 'Presentation of Financial Statements' – (amendments relating to the classification of liabilities, effective for accounting periods commencing on or after 1 January 2024); and
- IFRS 18 "Presentation and Disclosures in Financial Statements", effective for periods commencing on or after 1 January 2027.

The International Sustainability Standards Board ("ISSB") published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024:

- IFRS S1, 'General requirements for Disclosure of Sustainability-related Financial Information'; and
- IFRS S2, 'Climate-related Disclosures'.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

In the opinion of the Directors, the adoption of these new and amended standards will have no material impact on the Financial Statements of the Company.

Financial assets - classification
Under IFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristic of those financial assets.

The Company has determined that it has two distinct business models, as follows:

(i) To invest in a debt instrument issued by Investec Limited or another reputable financial institution. Under IFRS 9, financial assets that are debt instruments may be classified as either (a) amortised cost, (b) fair value through other comprehensive income or (c) fair value through profit and loss ("FVTPL"). The purpose of the Company's investment in the debt instrument is to collect the contractual cashflows of solely payments of principal and interest arising on maturity, which will provide capital protection for investors in the Company, and accordingly, the Company has determined that this investment should be classified as an investment at amortised cost.

(ii) To invest in an option linked to a basket of indices, in order to provide investors with a potential upside on their investment. Under the terms of IFRS 9, the option is automatically classified as an investment at FVTPL.

Financial assets - recognition and subsequent measurement
Purchased financial assets are recognised on trade date, being the date on which the Company irrevocably commits to purchase the asset.

All investments are measured initially at fair value net of transaction costs, except where the investment will subsequently be measured at FVTPL. Transaction costs relating to the acquisition of investments at FVTPL are expensed as incurred in the Statement of Comprehensive Income.

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets - recognition and subsequent measurement
After initial recognition, the Company's option investment is measured at FVTPL. Fair value is calculated using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the reporting date. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in profit or loss in the Statement of Comprehensive Income as applicable.

After initial recognition, the Company's debt instrument is measured at amortised cost using the effective interest rate method. Interest income from this financial asset is included in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses, including expected credit losses at initial recognition and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition, are presented as a separate line item in profit or loss in the Statement of Comprehensive Income.

All gains or losses are recognised in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Liquid resources
Liquid resources comprise cash and cash equivalents and long-term deposits. Cash and cash equivalents comprises bank balances and short term deposits with an original maturity of three months or less. Deposits with an original maturity of greater than three months are classified as long-term deposits.

Trade and other receivables
Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial liabilities
Financial liabilities, other than those at FVTPL, are measured at amortised cost using the effective interest rate method.

Interest income
Interest income on financial assets at amortised cost is calculated using the effective interest rate method and recognised in profit or loss.

Foreign exchange
Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the "functional currency"). The Directors have determined that the functional currency of the Company is US Dollars, as it is the currency in which the Company's investments are denominated, a significant proportion (although not the majority) of capital raised, and in which the majority of the Company's expenses are incurred. For consistency with previous years, the Directors have selected Pound Sterling as the presentation currency of the Company.

Foreign currency assets and liabilities are translated into Pound Sterling at the rate of exchange ruling on the reporting date. Foreign currency transactions are translated into the functional currency of US Dollars at the rate of exchange ruling at the date of the transaction, and then translated into Pound Sterling at the average exchange rate for the reporting period. Foreign exchange gains and losses are recognised in the Statement of Comprehensive Income in the period in which they arise. Differences arising on translation from the functional currency to the presentation currency are recognised in other comprehensive income in the period in which they arise and are taken to the translation reserve.

2. MATERIAL ACCOUNTING POLICIES (continued)

Expenses
Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income, except for expenses incurred in relation to the launch of the Company, which have been charged against share premium.

Taxation
The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £1,600 (2023: £1,200).

3. SEGMENT REPORTING

The Board of Directors considers that the Company is engaged in a single segment of business, being the holding of investments. The Board considers that it is the Company's Chief Operating Decision Maker.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

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

The areas involving significant estimates or judgements are:

- Classification of and subsequent measurement basis of financial instruments – see note 2 (Financial assets – classification);
- Determination of the functional currency - see note 2 (Foreign exchange);
- Estimated fair value of financial assets measured at FVPL – see note 7; and
- Impairment of financial assets measured at amortised cost - see notes 8 and 11.

5. SIGNIFICANT AGREEMENTS

The following significant agreements have been entered into by the Company:

Administration, Custodian and Secretarial Agreement
Under the Administration, Custodian and Secretarial Agreement, with effect from 11 December 2023, the Company has agreed, for the first twelve months of the current investment period, to pay or procure to be paid to the Administrator, for its services as administrator, secretary, custodian and registrar, a fee of 0.13% (2023: 0.135%) per annum of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date, for which the Administrator may receive a settlement and registration fee of up to 0.5% of the value of the redemption). In addition the Administrator is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of administration fees and interest paid in the year and balances outstanding at the year end.

Effective 31 January 2025, Sanne Fund Services (Guernsey) Limited completed an amalgamation of corporate bodies pursuant to Part VI of the Companies (Guernsey) Law, 2008 with Apex Fund and Corporate Services (Guernsey) Limited (the “Amalgamation”). As a result of the Amalgamation, the name of the Administrator changed to Apex Fund and Corporate Services (Guernsey) Limited. There are no further material changes arising from the Amalgamation and all pre-existing contractual arrangements in place between the Company and the Administrator remain in force.

5. SIGNIFICANT AGREEMENTS (continued)

Investment Advisory Agreement

Under the Investment Advisory Agreement, with effect from 28 November 2018, the Company has agreed to pay or procure to be paid to the Advisor, for its services as advisor, a fee of 0.60% (2023: 0.65%) per annum of the Company's funds (as reduced by any redemptions of shares prior to the Redemption Date, for which the Investment Advisor may receive a settlement and registration fee of up to 0.75% of the value of the redemption). The Investment Advisor, Investec Corporate and Institutional Banking, is a part of the same global group of companies as Investec Bank Limited ("IBL"), the issuer of the Company's Unsecured Subordinated Callable Notes, which matured on 4 December 2023. In addition the Advisor is entitled to receive interest earned by the Company on the unpaid element of the fees. See notes 9, 11, 12 and 17 for details of investment advisory fees and interest paid in the year and balances outstanding at the year end.

Distribution Agreement

Under the Distribution Agreement, the Company has agreed to pay or procure to be paid to the Distributors a fee of 0.60% (2023: 0.65%) per annum of that portion of the Company's funds that is derived from the subscription amount subscribed for by Subscribers introduced by the Distributor (as reduced by any redemptions of such shares prior to the Redemption Date), or holders of existing issued shares introduced by the Distributor and who elect to remain invested in the Company (as reduced by any redemptions of such shares prior to the Redemption Date). Investec Corporate and Institutional Banking, the Company's Investment Advisor, is also a Distributor for the Company. See notes 9 and 11 for details of distribution fees paid in the year and balances outstanding at the year end.

All fees described above are payable annually in advance on the anniversary of the Trade Date (the date of investment of the Company's funds) each year until the Termination Date.

6. INTEREST INCOME

	2024	2023
	£	£
Interest on investments at amortised cost	**5,851,512**	3,738,256
Bank interest	**277,628**	4,351
	6,129,140	3,742,607

The effective interest rate used for calculating the interest on the debt instrument is 6.5847% (2023: 6.2108%).

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	£	£
UBS AG index option		
Fair value brought forward	**32,416,523**	19,031,627
Proceeds on disposal	**(32,473,717)**	-
Gain on disposal	**948,777**	-
Fair value adjustment	**-**	15,210,834
Translation difference	**(891,583)**	(1,825,938)
Fair value carried forward	**-**	32,416,523

The UBS AG index basket option was a call option linked to a basket of indices and matured on 29 November 2023.

The Directors determined the fair value of the option based on valuations provided by UBS AG. The valuation/price of the Option was calculated by UBS AG using an option pricing model and a bid/ask price spread was published daily on Bloomberg.

During the year, following the rollover of the Company in December 2023, the Company acquired a new call option from Goldman Sachs International, which matures on 27 December 2028.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	2024	2023
	£	£
Goldman Sachs International ("Goldman Sachs") option		
Purchase	**28,828,555**	-
Fair value adjustment	**17,225,049**	-
Translation difference	**(2,477,588)**	-
Fair value carried forward	**43,576,016**	-

The Goldman Sachs option ("the option") is a call option referenced to a basket of indices comprising the following:

• S&P 500 Index	40%
• Euro Stoxx 50 Index	25%
• Nikkei 225 Index	20%
• iShares MSCI Emerging Markets Index	15%

The Directors determine the fair value of the option based on valuations provided by Goldman Sachs. The valuation/price of the option is calculated by Goldman Sachs using an option pricing model and a bid/ask price spread is published daily on Reuters.

The option has been classified as a level 2 investment in the fair value hierarchy as the valuation is derived from observable inputs other than quoted prices in an active market (see note 18(iv)).

The key inputs to the valuation as at 30 September 2024 were the notional value of the option of USD 176,490,106.00 (2023: UBS AG option, USD 74,096,643.48) and the published bid price of the option of 33.09% (2023: UBS AG option, 53.40%).

The key inputs to the published bid price of the option were the closing prices as at 30 September 2024 of the S&P 500 index (5,762.48 (at inception: 4,622.44)), Euro Stoxx 50 index (5,000.45 (at inception: 4,540.19)), Nikkei 225 index (37,919.55 (at inception: 32,791.80)) and iShares MSCI Emerging Markets index (45.86 (at inception: 39.24)).

8. INVESTMENTS AT AMORTISED COST

	2024	2023
	£	£
Investec Bank Limited Unsecured Subordinated Callable Notes		
Carrying value brought forward	**63,043,080**	64,861,812
Interest	**671,155**	3,738,256
Disposal	**(61,968,518)**	-
Translation difference	**(1,745,717)**	(5,556,988)
Carrying value carried forward	**-**	63,043,080

The Investec Bank Limited Unsecured Subordinated Callable Notes (the "Notes") matured on 4 December 2023 at their par value.

The Notes were measured at amortised cost using the effective interest rate method. The effective interest used for calculating the interest income is disclosed in note 6.

During the year, following the rollover of the Company in December 2023, the Company acquired the following new debt instrument:

USD 176,500,000 Morgan Stanley Finance LLC Zero Coupon Linear Basket Credit Linked Notes maturing on 31 December 2028 (the "Morgan Stanley CLNs").

8. INVESTMENTS AT AMORTISED COST (continued)

	2024	2023
	£	£
Morgan Stanley CLNs		
Purchase	**100,899,468**	-
Interest	**5,169,650**	-
Translation difference	**(5,706,300)**	-
Carrying value carried forward	**100,362,818**	-

The CLNs are measured at amortised cost using the effective interest rate method. The effective interest rate used for calculating the interest income is disclosed in note 6.

The calculation of impairment, including expected credit losses, is based on assumptions about risk of default and expected loss rates. The Company uses judgments in making this assumption and selecting the inputs to the impairment calculation based on past history and existing market conditions (see note 18(ii)). The Company has assessed the investment in the Morgan Stanley CLNs for impairment and expected credit losses at the reporting date and has concluded that as at the year end no impairment or credit losses are expected over the life of the investment (2023: no impairment or credit losses were expected over the life of the Investec Bank Limited Notes).

The fair value of the Morgan Stanley CLNs, calculated by ICIB at 30 September 2024, was £100,192,923 (2023: Investec Bank Limited Notes, £62,412,399).

9. OPERATING EXPENSES

	2024	2023
	£	£
Investment advisory fees	**731,729**	400,122
Distribution fees	**730,967**	395,728
Administration fees	**204,079**	88,093
Auditor's remuneration	**12,200**	9,570
Interest expense	**29,492**	6,171
GFSC Licence fees	**4,954**	3,853
Listing and sponsor fees	**8,773**	4,559
Statutory fees	**2,697**	1,756
Sundry expenses	**2,442**	5,013
	1,727,333	914,865

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

Earnings attributable to shares:	2024	2023
Earnings for purpose of basic and diluted earnings per share being profit for the year attributable to shareholders	**£22,785,001**	£18,046,469
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted earnings per share	**41,398.127**	29,755.700
Earnings per share attributable to A Class shares	**£550.39**	£606.49
Earnings per share attributable to B Class shares	**£550.39**	£606.49

A weighted average number of shares has been calculated to enable users to gain a fairer understanding of the earnings generated per share through the year. The weighted average has been calculated with reference to the number of days shares have actually been in issue and hence their ability to influence income generated.

11. TRADE AND OTHER RECEIVABLES

	2024 £	2023 £
Share subscriptions receivable	**269,783**	-
Bank interest receivable	**89,659**	78
Prepaid administration fees	**33,770**	13,247
Prepaid distributor fees	**155,061**	63,483
Prepaid investment advisory fees	**155,863**	63,782
Other prepayments	**-**	5,187
	704,136	145,777

The share subscriptions amounts receivable are held in a client monies account pending receipt of full due diligence from the subscriber. The remaining balance of trade and other receivables principally comprises prepayments, therefore a provision for expected credit losses is not required.

12. TRADE AND OTHER PAYABLES

	2024 £	2023 £
Current		
Audit fee	**9,300**	8,750
Interest payable	**-**	55,692
	9,300	64,442
Non-current		
Interest payable	**26,348**	-

13. SHARE CAPITAL

Authorised:
Following the adoption of the Company's amended Articles of Association on 18 May 2018, the Company no longer has any defined authorised share capital.

	2024 £	2023 £
Issued and fully paid:		
10 Management shares of £1 each	**10**	10
15,515.718 (2023: 16,752.946) A Class shares of £0.01 each	**155**	168
28,733.614 (2023: 13,002.759) B Class shares of US$0.01 each	**227**	101
	392	279

A Class and B Class shares are entitled to 1 vote each at a general meeting of the Company.

On 11 December 2023, 2,956.398 A Class shares were redeemed at a price of £3,176.85 per share; 1,969.827 A Class shares were issued at a price of £3,176.85 per share; 2,872.751 B Class shares were redeemed at a price of US$ 3,988.54 per share; 18,352.949 B Class shares were issued at a price of US$ 3,988.54 per share; and a net 250.657 shares switched from A Class to B Class.

Under the terms of the Company's prospectus, and in the absence of a further special resolution to extend the life of the Company, the Company's shares will be redeemed and the Company will terminate in December 2028. A Class and B Class shareholders are entitled to receive any dividends or distributions from the Company and any surplus arising on the winding up of the Company after the payment of creditors and redemption of the Management shares at their nominal value.

13. SHARE CAPITAL (continued)

Management shares are entitled to 10,000 votes each at a general meeting of the Company. Management shares may only be owned by The Basket Trust (see note 17) or its nominee. Management shareholders are not entitled to receive any dividends or distributions from the Company nor any surplus arising on the winding up of the Company in excess of the nominal value of the Management shares.

14. SHARE PREMIUM

Movements in share premium are attributable to A Class and B Class shareholders as follows:

2024	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**20,213,186**	**25,311,274**	**45,524,460**
Shares issued during the year	**6,308,089**	**59,150,982**	**65,459,071**
Shares redeemed during the year	**(6,134,097)**	**(5,499,876)**	**(11,633,973)**
Balance carried forward	**20,387,178**	**78,962,380**	**99,349,558**

2023	A Class	B Class	Total
Balance carried forward	20,213,186	25,311,274	45,524,460

15. RETAINED EARNINGS

Movements in retained earnings are attributable to A Class and B Class shareholders as follows:

2024	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**31,446,096**	**14,793,224**	**46,239,320**
Shares redeemed during the year	**(3,963,784)**	**(3,552,627)**	**(7,516,411)**
Net profit for the year	**8,302,804**	**14,482,197**	**22,785,001**
Balance carried forward	**35,785,116**	**25,722,794**	**61,507,910**

2023	A Class	B Class	Total
	£	£	£
Balance brought forward	21,285,639	6,907,212	28,192,851
Net profit for the year	10,160,457	7,886,012	18,046,469
Balance carried forward	31,446,096	14,793,224	46,239,320

16. TRANSLATION RESERVE

Movements in the translation reserve are attributable to A Class and B Class shareholders as follows:

2024	**A Class**	**B Class**	**Total**
	£	**£**	**£**
Balance brought forward	**2,224,176**	**1,726,288**	**3,950,464**
Shares redeemed during the year	**(140,684)**	**(124,038)**	**(264,722)**
Foreign exchange translation losses	**(5,226,954)**	**(7,423,639)**	**(12,650,593)**
Balance carried forward	**(3,143,462)**	**(5,821,389)**	**(8,964,851)**

2023	A Class	B Class	Total
	£	£	£
Balance brought forward	6,433,613	4,993,433	11,427,046
Foreign exchange translation losses	(4,209,437)	(3,267,145)	(7,476,582)
Balance carried forward	2,224,176	1,726,288	3,950,464

17. ULTIMATE CONTROLLING PARTY & RELATED PARTY TRANSACTIONS

The immediate controlling party at the year end date is Praxis Trustees Limited as trustee of The Basket Trust, which owns the Management shares in the Company. There is no ultimate controlling party of the Company.

Sanne Fund Services (Guernsey) Limited ('SFSGL'), the administrator of the Company, is deemed to be a related party, as Janine Lewis and Keri Lancaster-King (Directors of the Company) are directors of SFSGL, and David Stephenson (a Director of the Company) is an employee of SFSGL. During the year SFSGL earned £204,079 (2023: £88,093) for their services as administrator. At the year end date administration fees of £33,770 had been paid to SFSGL in advance (2023: £13,247) and interest on outstanding fees of £26,348 (2023: £7,664) was payable to SFSGL.

The Investment Advisor, Investec Corporate and Institutional Banking ("ICIB"), a division of Investec Bank Limited, and Investec Bank Limited itself, are deemed to be related parties. During the year ICIB earned £731,729 (2023: £400,122) for their services as investment advisor. At the year end date advisory fees of £155,863 (2023: 63,782) had been paid to ICIB in advance and no interest on outstanding fees (2023: £48,027) was payable to ICIB. The balances and transactions during the year with Investec Bank Limited related to the investments at amortised cost are disclosed in note 8.

18. FINANCIAL INSTRUMENT RISK FACTORS

The Company is exposed to market risk, credit risk and liquidity risk from the financial instruments it holds. The Company has a fixed modus operandi, as stated in its prospectus, which is to invest its capital in a zero coupon bond (or other structured product with similar characteristics) and an option or options on a specified index or basket of indices; and to retain a certain element of cash to cover expenses to be incurred over the specified period of its life. As a result of this, the Company's flexibility in dealing with the risks associated with these instruments is somewhat limited. However, the risk management policies that are employed by the Company to manage these risks are discussed below. There have been no changes to the Company's exposure to market risk, credit risk and liquidity risk; or its objectives, policies and procedures for managing such risks, since the prior year.

(i) Market risk

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency of US Dollars. As at 30 September 2024, the Company is exposed to foreign exchange risk in relation to the following assets and liabilities:

		2024	2023
	Source currency	**£**	£
Cash and cash equivalents	Pound Sterling	**119,610**	85,090
Trade and other payables	Pound Sterling	**(9,300)**	(18,125)
		110,310	66,965

At 30 September 2024, the foreign currency exposure of the Company against the functional currency of US Dollars, entirely to Pound Sterling, represented 0.1% of Equity Shareholder's Funds (2023: 0.1%). The Company's policy is not to manage the Company's exposure to foreign exchange movements by entering into any foreign exchange hedging transactions. If the exchange rate of the US Dollar against Pound Sterling at the year end date had been 10% higher/lower, this would have resulted in an increase/decrease in the year end net asset value of £11,031 (2023: increase/decrease of £6,697). The sensitivity rate of 10% is regarded as reasonable as this is the approximate volatility of Pound Sterling against the US Dollar in the year.

The Company had no other material currency exposures as at 30 September 2024 or 30 September 2023.

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and fixed deposits and on interest payable on outstanding future fees. At 30 September 2024, the Company held cash and cash equivalents of £770,317 (2023: £167,890), which earned no interest (2023: no interest), and held a long-term deposit of £6,515,370 (2023: £5,695), which earned interest at a rate of 4.95% (2023: 5.45%). At 30 September 2024, the Company had outstanding future fees of £3,739,980, on which interest of 4.95% is payable (2023: no outstanding future fees on which interest was payable).

Had these balances existed for the whole of the year and all other factors remained the same, the effect on the Statement of Comprehensive Income of an increase/decrease of 2% per annum in short-term interest rates (2023: increase/decrease of 2.0%) would have been an increase of £70,914/decrease of £55,508 in total comprehensive income for the year (2023: increase of £3,472/decrease of £114). The sensitivity rate of a 2% increase/decrease is regarded as reasonable as a result of the continuing high level of interest rates globally during the year, and in the context of the current US Fed Rate of 4.50%, the majority of the Company's cash being held in US Dollars.

The Company had no other material interest rate exposures as at either 30 September 2024 or 30 September 2023. The Morgan Stanley CLNs are not interest-bearing, however they are measured using amortised cost and the unwind of the discount over the life of the CLNs is charged as interest to the Statement of Comprehensive Income.

(c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company's investment in its debt instrument is measured at amortised cost, and is therefore not subject to price risk. The Company’s option is directly affected by changes in market prices.

Price risk is managed at inception by investing in a combination of two financial instruments: a holding of zero coupon bonds (or other structured product with similar characteristics) that should provide capital protection for investors; and a call option on a basket of indices that the investment advisor believes is most likely to provide positive performance during the life of the Company. In order to provide capital protection, the amount of Notes acquired is calculated with the intention that the maturing amount will be sufficient to guarantee that all investors who remain in the Company to maturity will at minimum get back the amount that they invested plus a return of 5%. The call option provides the potential for significant upside performance, should the relevant indices perform well, with the downside limited to loss of the initial option premium.

The investment premise of the Company involves participation in the potential upside afforded by the option, whilst enjoying the capital protection afforded by the debt instrument. Therefore, whilst the Board monitors the performance of the option and the debt instrument, it is unlikely that the Board would consider redeeming these at any stage, other than in relation to the redemption of investors' shares. As a result, the management of price risk effectively occurs at the inception of the Company in the selection of investments, and is not an active ongoing process during the remainder of the life of the Company.

The investments at FVTPL expose the Company to price risk. The details are as follows:

	2024	2023
	£	£
UBS AG Index Option	**-**	32,416,523
Goldman Sachs Index Option	**43,576,016**	-
	43,576,016	32,416,523

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(i) Market risk (continued)

(c) Price risk (continued)

A 50 per cent increase/decrease in the published price of the Option at 30 September 2024 would increase/decrease the Net Asset Value of the Company by £21,788,008 (2023: increase of £985,699/decrease of £16,208,262, due to the cap on the option contract). The sensitivity rate of 50% is regarded as reasonable due to the potential volatility of the indices to which the Goldman Sachs Option (2023: UBS AG Option) is linked, magnified by the participation rate of 167.50% (2023: 244.55%) attached to the Option.

(ii) Credit risk

Credit risk arises when a failure by counter-parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the year end date. These financial assets include cash and cash equivalents, long-term deposits, debtors, investments at amortised cost and investments at FVTPL. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying value or fair value of these instruments.

The Company states in its Prospectus that it will invest in unsecured USD-denominated senior debt instruments, which may be credit-linked, and an option linked to a specified index or basket of indices, and provides extensive disclosure to shareholders of those instruments and the risks attached thereto. As a result of this, the Company's policy for managing the credit risk attached to the Company's financial assets is to monitor the credit rating of the relevant counterparty for any significant deterioration, without reference to an absolute range of credit ratings. In the event of there being any significant deterioration in the perceived creditworthiness of the counterparty to a point where shareholders' interest may be at risk, the Directors in their absolute discretion would consider the following courses of action: selling the relevant securities to third party purchasers and reinvesting the proceeds in the purchase of securities of another issuer, such that the new securities would replicate as closely as possible the terms and conditions of the original securities; and transferring cash to another banking institution. At initial recognition of the debt instrument and the option, the Directors considered the credit risk attached to these instruments to be low, and this remains their view. The Directors would only seek to sell the relevant securities or transfer cash if they (in consultation with the investment advisor) consider on the advice of the investment advisor that such would be in the best interests of the Company and its shareholders.

In accordance with this policy, the Board (in consultation with the investment advisor) has noted that the Fitch long-term credit rating of Morgan Stanley as at 30 September 2024 was A+ (30 September 2023: IBL, BB-). The year end rating of Investec plc, a sister company to IBL, which holds the Company's cash and cash equivalents, is A- (2023: BBB+). As a result, at the year end date, the Directors and the investment advisor believed that it was not in the best interest of shareholders to attempt to unwind the Morgan Stanley CLNs, as they believed firstly that there had been no significant deterioration in the creditworthiness of Morgan Stanley, and secondly that obtaining an alternative investment with an institution with a higher credit rating could only be achieved on less favourable terms than those offered by the CLNs, which could affect the Company's ability to offer capital protection to shareholders on their investment.

The Company monitors the creditworthiness of its counterparties on an ongoing basis and considers a financial asset to be in default when the counterparty fails to make contractual payments within 60 days of when they fall due. No instances of default or significant changes to the Company's credit risk or expected loss rates have been identified in the last 12 months.

The majority of the Company's trade and other receivables consists of prepayments and there is no credit risk associated with these balances.

The Option is held with Goldman Sachs, which has a Fitch long-term rating of A+ (2023: UBS AG, A+). The cash and cash equivalents are held with Investec Bank (Channel Islands) Limited, which has a Fitch long term rating of BBB+ (2023: BBB+).

18. FINANCIAL INSTRUMENT RISK FACTORS (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial liability obligations as they fall due, which may cause financial losses to the Company. The Company places its cash and cash equivalents with financial institutions on a short-term basis in order to maintain a high level of liquidity. This ensures that the Company is able to complete transactions in a timely manner, thus minimising the Company's exposure to such losses.

The Board reviews the cash resources of the Company on an ongoing basis to ensure that sufficient monies are held on call account to meet the Company's short-term obligations. At 30 September 2024 the cash on call was £770,317 (2023: £167,890), which is considered by the Board to be sufficient to meet all of the Company's short term obligations.

The table below analyses the Company's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period from the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024	**Less than 6 months**	**6-12 months**	**1-5 years**
	£	**£**	**£**
Trade and other payables	**9,300**	**-**	**26,348**
Net exposure	**9,300**	**-**	**26,348**

2023	Less than 6 months	6-12 months	1-5 years
	£	£	£
Trade and other payables	64,442	-	-
Net exposure	64,442	-	-

(iv) Fair value hierarchy

The following table analyses instruments carried at fair value, by level of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (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);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value through profit or loss	**-**	**43,576,016**	**-**	**43,576,016**
	-	**43,576,016**	**-**	**43,576,016**

2023	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investments at fair value through profit or loss	-	32,416,523	-	32,416,523
	-	32,416,523	-	32,416,523

There have been no transfers between levels of the fair value hierarchy during the year.

19. CAPITAL RISK MANAGEMENT

The Company's capital comprises the funds it has raised through the issue of share capital.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to ensure that the Company will be able to continue as a going concern, the Board continuously monitors forecast and actual cash flows and matches the maturity profiles of assets and liabilities. The Board has also considered the impact of the ongoing conflicts in Ukraine and the Middle East subsequent to the year end, and does not believe that these factors will have a significant impact on the Company's capital or its ability to continue as a going concern. The Company has no external borrowings.

Shareholders may be able to redeem their Shares prior to the Redemption Date, however such redemptions are wholly at the discretion of the Directors, and any request for redemption may be refused in whole or in part. No early redemptions will be permitted unless the Directors are satisfied that they have complied with all applicable law, including satisfaction of the solvency test as required by the Companies (Guernsey) Law, 2008. There have been no changes to the Company's objectives or policies and procedures for managing capital since the previous year end.

20. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events requiring disclosure in these financial statements.