

Financial Statements of

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

December 31, 2022

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

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Independent Auditor's Report

The Trustee
Coralisle Pioneer Fund – Balanced
(A Unit Trust of Coralisle Pioneer Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Coralisle Pioneer Fund – Balanced (the “Fund”), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive (loss)/income, statement of changes in net assets attributable to holders of redeemable units and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Fund 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 Bermuda, 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.

Responsibilities of Management and the Trustee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process.

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 skepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee 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.

Ernst + Young Ltd.

June 28, 2023

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)


Statement of Financial Position

As at December 31, 2022
(stated in United States dollars)

| | Note | 2022 | 2021 |
|---|------|-----------------|------------|
| ASSETS | | | |
| Financial assets at fair value through profit or loss | | | |
| <i>Designated at fair value through profit or loss upon initial recognition</i> | | | |
| Investment in investment funds | 3,4 | 13,413,627 | 16,349,800 |
| Cash and receivables | | | |
| Cash and cash equivalents | | 2,274 | 103,760 |
| Subscriptions receivable | 8 | 1,323 | 1,803 |
| Due from broker | | 324,500 | - |
| | | 13,741,724 | 16,455,363 |
| LIABILITIES | | | |
| Financial liabilities measured at cost | | | |
| Accounts payable and accrued expenses | 6,7 | 56,533 | 67,445 |
| Redemptions payable | 5,8 | 400,772 | 102,133 |
| | | 457,305 | 169,578 |
| Net assets attributable to the holders of redeemable units | | | |
| | 5 | US\$ 13,284,419 | 16,285,785 |
| Net asset value per redeemable units of Class A, based on 613,975 (2021: 660,086) redeemable units outstanding | | | |
| | 5,9 | US\$ 21.61 | 24.66 |
| Net asset value per redeemable units of Class C, based on 601 (2021: 194) redeemable units outstanding | | | |
| | 5,9 | US\$ 22.73 | 25.96 |

See accompanying notes to financial statements.

Approved by Butterfield Bank (Cayman) Limited (Trustee) Acting Solely In Its Capacity As Trustee Of Coralisle Pioneer Fund on June 28, 2023.

 Authorized Signatory
 Christopher Ebanks

 Authorized Signatory
 Renee Maycock

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Statement of Comprehensive (Loss)/Income

For the year ended December 31, 2022

(stated in United States dollars)

| | Note | 2022 | 2021 |
|--|------|-------------|-----------|
| Income | | | |
| Interest income from cash and cash equivalents | | 2 | 2 |
| Net realized gain on investments in investment funds | | 251,200 | 243,355 |
| Movement in unrealized (loss)/gain on investment in investment funds | | (2,016,074) | 1,054,361 |
| | | (1,764,872) | 1,297,718 |
| Expenses | | | |
| Promoter fees | 6 | 211,750 | 241,766 |
| Administration fees | 7 | 14,121 | 16,119 |
| Professional fees | | 3,868 | 4,054 |
| Other expenses | | 370 | 425 |
| | | 230,109 | 262,364 |
| Net comprehensive (loss)/income for the year | US\$ | (1,994,981) | 1,035,354 |

See accompanying notes to financial statements.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2022

(stated in United States dollars)

| | 2022 | 2021 |
|--|------------------------|-------------------|
| Net assets at beginning of the year | 16,285,785 | 15,421,559 |
| Net comprehensive (loss)/income for the year | (1,994,981) | 1,035,354 |
| Issue of redeemable units during the year | 350,962 | 756,087 |
| Redemption of redeemable units during the year | (1,357,347) | (927,215) |
| Net assets at end of the year | US\$ 13,284,419 | 16,285,785 |

See accompanying notes to financial statements.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Statement of Cash Flows

For the year ended December 31, 2022
(stated in United States dollars)

| | 2022 | 2021 |
|---|-------------------|-----------------|
| Cash provided by/(used in): | | |
| Operating activities | | |
| Net comprehensive (loss)/income for the year | (1,994,981) | 1,035,354 |
| Items not involving cash: | | |
| Net realized gain on investment in investment funds | (251,200) | (243,355) |
| Movement in unrealized loss/(gain) on investment in investment funds | 2,016,074 | (1,054,361) |
| Payments on purchases of investment in investment funds | (182,500) | (496,750) |
| Proceeds from disposals of investment in investment funds | 1,353,799 | 930,501 |
| Net change in operating assets/liabilities: | | |
| Due from broker | (324,500) | 9,575 |
| Accounts payable and accrued expenses | (10,912) | 5,073 |
| Total Cash provided by operating activities | 605,780 | 186,037 |
| Financing activities | | |
| Proceeds from issue of redeemable units | 351,442 | 754,284 |
| Payments on redemption of redeemable units | (1,058,708) | (839,024) |
| Total Cash used in financing activities | (707,266) | (84,740) |
| Net movement in cash and cash equivalents for the year | (101,486) | 101,297 |
| Cash and cash equivalents at beginning of the year | 103,760 | 2,463 |
| Cash and cash equivalents at end of the year | US\$ 2,274 | 103,760 |
| Supplementary information on cash flows from operating activities: | | |
| Interest received | US\$ 2 | 2 |

See accompanying notes to financial statements.

CORALISLE PIONEER FUND – BALANCED (A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements

For the year ended December 31, 2022
(stated in United States dollars)

1. Registration of Trust Fund

Coralisle Pioneer Fund (the “Trust”) was registered as an exempted trust in the Cayman Islands by a Declaration of Trust dated April 29, 1996. The Trust is organized as a Multi Class Unit Trust, providing for the creation of any number of classes of redeemable units. At December 31, 2022, twenty (2021: twenty-one) classes of redeemable units were in existence.

These financial statements represent Coralisle Pioneer Fund – Balanced (the “Fund”), two of the classes of redeemable units namely, Class A and Class C. Class A was created by resolution of the Trustee on April 29, 1996 and on September 19, 2014, Class C was created by resolution of the Trustee.

The Fund operates independently of any other Fund in the Trust and constitutes a separate investment with no beneficial interest in or liability to any other Fund in the Trust.

The Fund’s objective is to achieve the most conservative form of growth investment by investing in a diversified portfolio of equities, bonds and ancillary cash. This objective is achieved by investing in the MFS Meridian Global Total Return Fund - I1 USD.

The registered office of the Fund is located at 12 Albert Panton, Grand Cayman KY1-1107, Cayman Islands. The Fund’s investment activities for the year ended December 31, 2022 were managed by Coralisle Pension Services Ltd. (the “Investment Manager”), who is registered as a restricted trust with the Cayman Islands Monetary Authority (“CIMA”). The administration of the Fund is delegated by Butterfield Bank (Cayman) Limited (the “Trustee”) to MUFG Fund Services (Cayman) Limited, a subsidiary of Mitsubishi UFJ Financial Group (“MUFG”).

2. Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

(a) Basis of preparation

The functional and presentation currency of the Fund is the United States dollar (“US dollar”) and not the local currency of the Cayman Islands. The Fund’s assets and liabilities are primarily denominated in US dollars.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

2. Significant accounting policies (continued)

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires the Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and 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 income and expenses during the year. Actual results could differ from those estimates.

(c) Financial instruments

(i) Recognition

The Fund recognizes financial assets and liabilities on the date it commits to purchase or sell the instrument. From this date, any gains or losses arising from changes in fair value of the financial assets or liabilities are recognized in the statement of comprehensive (loss)/income. Realized gains and losses from investment transactions are accounted for in the statement of comprehensive (loss)/income on the weighted average cost basis.

(ii) Classification

The category of financial assets at fair value through profit or loss comprises financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These include investments in non-exchange traded investment funds.

Financial assets at amortized cost include cash and cash equivalents, subscriptions receivable and trade receivables.

Financial liabilities at amortized cost include accounts payable and accrued expenses and redemptions payable.

(iii) Measurement

Financial assets are measured initially at fair value (transaction price). Transaction costs on financial assets at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at amortized cost, with any changes in the difference between their fair value and the weighted average price paid to acquire them recorded as an unrealized gain or loss on investment in the statement of comprehensive (loss)/income.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Measurement (continued)

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets.

Other financial assets that have fixed and determinable payments that are not quoted in an active market are classified and measured at amortized cost, less impairment losses if any.

Accounts payable and accrued expenses are substantially short term and do not bear interest. As such their carrying amount approximates their fair value. Accounts payable and accrued expenses are financial liabilities, which are carried at cost. After initial recognition financial liabilities are measured at amortized cost using the effective interest method.

(iv) Fair value measurement principles

Fair value of investments in investment funds is based on the net asset value per redeemable unit as reported by the managers or administrators of the respective investment funds.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset.

Or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vi) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprises of a call account held with the Trustee.

(d) Income and expenses

Interest income is recorded using the effective interest rate method. Dividends are recorded on the ex-dividend date. Expenses are recorded on the accrual basis as incurred. All income and expenses are recognized in the statement of comprehensive (loss)/income.

(e) Taxation

There are no taxes on income or gains in the Cayman Islands. In addition, the Investment Manager believes that the Fund's operations do not subject it to income taxes in any other country. Accordingly, no provision for income taxes is included in these financial statements. Dividend and interest income received by the Fund may be subject to withholding tax imposed by the country of origin.

(f) Redeemable units

Profits and losses of the Fund are allocated to the different classes of redeemable units at the end of each month in proportion to their capital accounts as of the beginning of the month.

The Fund routinely redeems and issues the redeemable units at the amount equal to the proportionate share of net assets of the Fund at the time of redemptions, calculated on a basis used in the preparation of these financial statements. Accordingly, the carrying amount of net assets attributable to holders of redeemable units approximates their fair value.

Redeemable units issued by the Fund provide the unitholders with the right to receive cash for redemptions at the value proportionate to the unitholders' redeemable units in the Fund's net assets at the redemption date. In accordance with IAS 32, such instruments give rise to a financial liability for the present value of the redemption amount. In accordance with the Declaration of Trust, the Fund is obligated to redeem units at the prevailing net asset value per redeemable unit. Those redeemable units for which redemption notices were received from the underlying investors prior to year end but paid subsequent to year end are reflected as redemptions payable.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

2. Significant accounting policies (continued)

(g) Identification and measurement of impairment

At each reporting date, the Investment Manager assesses whether there is any objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the statement of comprehensive (loss)/income and are reflected in an allowance account against amortized cost.

The Investment Manager writes off financial assets carried at amortized cost when they are determined to be uncollectible.

(h) Standards and amendments to existing standards effective January 1, 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

(i) New standards, amendments and interpretations effective after January 1, 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

3. Fair values of financial instruments

| December 31, 2022 | Number of redeemable units | Cost | Unrealized gain | Fair value |
|---|-------------------------------|-----------------|--------------------|------------|
| MFS Meridian - Global Total Return Fund – I1 USD | 52,621 | US\$ 10,903,267 | 2,510,360 | 13,413,627 |

| December 31, 2021 | Number of redeemable units | Cost | Unrealized gain | Fair value |
|---|-------------------------------|-----------------|--------------------|------------|
| MFS Meridian - Global Total Return Fund – I1 USD | 57,231 | US\$ 11,823,366 | 4,526,434 | 16,349,800 |

The investee funds are managed with a more conservative approach towards seeking high current income and capital growth primarily through investment in a combination of equities and bonds. The investee fund will appeal to investors seeking regular income and moderate capital growth but who prefer a lower level of risk than that normally associated with equity investments only. The Fund has concluded that the investee funds in which it invests, but does not consolidate, meet the definition of a structured entity. During the year, the Fund did not provide any financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

(a) Fair value hierarchy analysis

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are 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).

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

3. Fair values of financial instruments (continued)

(a) Fair value hierarchy analysis (continued)

| | | Level 1 | Level 2 | Level 3 | Total |
|-------------------|------|---------|------------|---------|------------|
| December 31, 2022 | | | | | |
| Investment fund | US\$ | - | 13,413,627 | - | 13,413,627 |
| | | Level 1 | Level 2 | Level 3 | Total |
| December 31, 2021 | | | | | |
| Investment fund | US\$ | - | 16,349,800 | - | 16,349,800 |

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

There were no transfers during the year ended December 31, 2022 (2021: Nil) between any of the levels for financial assets at fair value through profit or loss.

(b) Valuation method

Investments in open-ended investment funds are typically valued utilizing the net asset valuation provided by the managers of the investment funds and/or their administrators. The Investment Manager considers subscription and redemption rights, including any restrictions on the disposal of the interest, in its determination of whether the net asset valuation is an accurate reflection of fair value. Investments in non-exchange traded investment funds are included in Level 2 of the fair value hierarchy when the net asset value is used or Level 3 if the Investment Manager makes adjustment thereto or the underlying securities have certain restrictions.

(c) Key sources of estimation uncertainty

The Fund's main financial instruments, its investments in non-exchange traded funds, are valued using the valuation technique described above. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. redemption rights, restrictions, reliance on third party valuations etc.) and therefore cannot be determined with precision.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

3. Fair values of financial instruments (continued)

(d) Financial instruments not valued at fair value

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and, for the financial assets, high credit quality of counterparties.

4. Financial instruments and associated risk

In the normal course of its business, the Fund purchases and sells various financial instruments which may result in market, interest rate, currency, credit and liquidity risk, the amount of which is not apparent from the financial statements.

Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity prices will affect the positions held directly or indirectly by the Fund. The Fund is exposed to market risk on investments in that the Fund may not be able to readily dispose of its holdings when it chooses at the price at which the investment is included in the Fund's financial statements.

The Fund's market risk is managed by the Investment Manager on a monthly basis by comparing the returns of the investment funds to their stated benchmarks, quartile and peer ranking. An unfavourable variance for two consecutive quarters will normally result in more in-depth analysis, with a view to move the Fund to returns that are more favourable. This may include changing the investment funds.

At December 31, 2022, the impact on the Fund's net assets of a 10% increase or decrease in the price of the MFS Meridian - Global Total Return Fund – I1 USD with all other variables held constant, would be an increase or decrease of US\$1,341,363 (2021: US\$1,634,980). The actual result would vary depending on the quantity of redeemable units held.

CORALISLE PIONEER FUND – BALANCED
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Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

4. Financial instruments and associated risk (continued)

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 majority of the Fund's financial assets are non-interest bearing and as a result the Fund is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents of the Fund are held in a call account at a bank.

The Fund is indirectly exposed to interest rate risk in its investments in investment fund with a concentration in debt instruments.

The Fund's interest rate risk is managed by the Investment Manager by monitoring the portfolios of the investment funds.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may invest in financial instruments denominated in currencies other than the US dollar. As a result, the Fund may be exposed to the risk that the exchange rate of currencies other than the US dollar may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities. At December 31, 2022, and December 31, 2021 the Fund did not hold any investments or other balances in foreign currencies.

The Fund is also exposed to currency risk indirectly through its investments in the investment funds. The investment funds may invest in financial instruments denominated in currencies other than the measurement currency of the investment funds.

Consequently, the investment funds are exposed to risks that the exchange rate of the measurement currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the investment funds' assets or liabilities denominated in currencies other than the measurement currency. There is also a chance that such exchange rate risk could have a positive effect on the reported and realisable value of such assets or liabilities.

CORALISLE PIONEER FUND – BALANCED (A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

4. Financial instruments and associated risk (continued)

Credit risk

Credit risk is the risk of counterparty default. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

The Fund minimises its exposure to credit risk by dealing with counterparties involved in the industry that the Investment Manager believes are reputable.

The amount of credit exposure is represented by the carrying amounts of the assets on the statement of financial position. Cash and cash equivalents are held at the Trustee. The investments in investment funds are held in custody via nominee accounts. The Fund is subject to credit risk to the extent that these institutions may be unable to fulfil their obligations either to return the Fund's securities or repay amounts owed. The Investment Manager does not anticipate any losses as a result of this concentration.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities. The Fund is exposed to monthly cash redemptions of redeemable units. This is usually covered by the monthly subscriptions. Where redemptions exceed subscriptions, the Fund redeems sufficient holdings of its investment funds to cover the difference. All liabilities are payable within three months.

The Fund's financial instruments include investments in non-exchange traded offshore open-ended investment funds. The investment funds allow for daily redemptions in the normal course of business.

The Fund's financial liabilities have maturities of less than three months in 2022 and 2021.

5. Subscription and redemption of units

The Fund began accepting subscriptions in April 1996. Redeemable units of Class A of the Fund were offered at US\$10 per redeemable unit at that date. Thereafter, redeemable units of Class A are offered at the net asset value per redeemable unit on the last business day of each month.

On September 19, 2014, Class C was created by resolution of the Trustee, which has the same features as Class A, except for different promoter fee rates as discussed in note 6.

The net asset value of the Fund's redeemable units of Class A and Class C is calculated as at the close of business on the last business day of each month.

The unitholders of Class A and Class C are entitled to redeem their redeemable units of Class A and Class C at the net asset value per redeemable unit on the last business day of each month.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

5. Subscription and redemption of units (continued)

Movements in redeemable units during the year were as follows:

| | 2022 | | 2021 | |
|-----------------------------------|----------------|------------|----------------|------------|
| | Class A | Class C | Class A | Class C |
| Balance at beginning of the year | 660,086 | 194 | 667,116 | 33 |
| Issued during the year | 15,185 | 802 | 31,247 | 209 |
| Redeemed during the year | (61,296) | (395) | (38,277) | (48) |
| Balance at end of the year | 613,975 | 601 | 660,086 | 194 |

The net assets attributable to holders of redeemable units are prepared after the deduction of redemption of redeemable units on December 31, 2022. As of December 31, 2022, redemptions payable of US\$400,772 (2021: US\$102,133) are included in the financial statements. The net assets and the related net asset value attributable to holders of redeemable units prior to, and after redemption of redeemable units on December 31, 2022 and 2021 is shown in the schedule below:

| December 31, 2022 | Net Assets (US\$) | Number of redeemable units |
|---|----------------------|-------------------------------|
| Net assets attributable to holders of redeemable units prior to December 31, 2022 redemptions | 13,360,568 | 618,099 |
| Redemption of redeemable units on December 31, 2022 | (76,149) | (3,523) |
| Net assets attributable to holders of redeemable units after December 31, 2022 redemptions | US\$ 13,284,419 | 614,576 |

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

5. Subscription and redemption of units (continued)

| December 31, 2021 | Net Assets (US\$) | Number of redeemable units |
|--|----------------------|-------------------------------|
| Net assets attributable to holders of redeemable units prior to December 31, 2021 redemptions | 16,285,785 | 660,280 |
| Redemption of redeemable units on December 31, 2021 | - | - |
| Net assets attributable to holders of redeemable units after December 31, 2021 redemptions | US\$ 16,285,785 | 660,280 |

6. Promoter fees

Promoter fees are due quarterly in arrears to the Investment Manager, a related party, at a percentage of the average net asset value (“NAV”) of the Fund. Currently, promoter fees are paid at a rate of 1.5% per annum of the average NAV of Class A and 1% per annum of the average NAV of Class C. Included in accounts payable and accrued expenses at December 31, 2022 are promoter fees payable of US\$50,241 (2021: US\$60,726).

7. Administration fees

Administration fees are due monthly in arrears to the Administrator, at a rate of 0.10% per annum calculated on a monthly basis of the month-end NAV of the Fund, subject to a minimum of US\$5,000 per year. If the amount calculated is less than the minimum, the difference between that amount and the minimum fee is paid by the Investment Manager. Included in accounts payable and accrued expenses at December 31, 2022 are administration fees payable of US\$1,364 (2021: US\$2,686).

Trustee fees are due monthly in arrears to the Trustee, at a rate of 0.01% per annum, calculated on a monthly basis of the month-end NAV of the Fund, prior to any calculation of Promoter fees, subject to a minimum of UD\$1,000 per year. Such fees are to be subtracted from the administration fees amount payable to the Administrator.

CORALISLE PIONEER FUND – BALANCED
(A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2022
(stated in United States dollars)

8. Related party

All of the redeemable units of the Fund are held by unitholders affiliated to the Investment Manager. As of December 31, 2022, the Fund had an outstanding net redemption payable due the unitholders amounting to US\$399,449 (2021: US\$100,330).

9. Financial highlights

The following are the financial highlights:

| | 2022 | | 2021 | |
|---|------------|----------|---------|---------|
| | Class A | Class C | Class A | Class C |
| Per redeemable unit operating performance: | | | | |
| Net asset value per redeemable unit at beginning of the year | 24.66 | 25.96 | 23.12 | 24.21 |
| Net (loss)/income for the year ⁽¹⁾ | (3.05) | (3.23) | 1.54 | 1.75 |
| Net asset value per redeemable unit at end of the year | | | | |
| | US\$ 21.61 | 22.73 | 24.66 | 25.96 |
| Total return⁽²⁾ | (12.37%) | (12.44%) | 6.66% | 7.23% |
| Ratios to average net assets: | | | | |
| Expenses | (1.62%) | (1.03%) | 1.62% | 1.12% |

⁽¹⁾ The amounts are based on the average number of redeemable units outstanding during the year.

⁽²⁾ Total return is based on the change in net asset value per redeemable units during the year. An individual investor's return may vary from these based on the timing of redeemable unit transactions.

10. Subsequent events

For the period from January 1, 2023 to May 31, 2023, the Fund received subscriptions of US\$267,284 of the redeemable units of Class A and US\$3,562 of the redeemable units of Class C. The Fund paid redemptions of US\$83,286 of the redeemable units of Class A.

The Trust has completed its subsequent events evaluation for the period subsequent to the statement of financial position through June 28, 2023, the date the financial statements were available to be issued. During this period, there were no further subsequent events requiring disclosure or recognition in the audited financial statements.