

Financial Statements of

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

December 31, 2022

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

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## Independent Auditor's Report

The Trustee  
Coralisle Pioneer Fund – Core Liquidity  
(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 – Core Liquidity (the “Fund”), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive loss, 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 – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**


Statement of Financial Position

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

	Note	2022	2021
<b>ASSETS</b>			
<b>Financial assets at fair value through profit or loss</b>			
<i>Designated at fair value through profit or loss upon initial recognition</i>			
Investments	3,4	49,482,704	44,988,642
<b>Cash and receivables</b>			
Cash and cash equivalents		2,672,371	5,731,363
Interest income receivable		286,365	176,764
Subscription receivable	8	-	889,369
		52,441,440	51,786,138
<b>LIABILITIES</b>			
<b>Financial liabilities measured at cost</b>			
Accounts payable and accrued expenses	6,7	50,895	40,149
Redemptions payable		335,158	-
		386,053	40,149
<b>Net assets attributable to the holders of redeemable units</b>			
	5	US\$ 52,055,387	51,745,989
<b>Net asset value per redeemable unit, based on 4,318,994 (2021: 4,238,571) Class A redeemable units outstanding</b>			
	5,9	US\$ 12.05	12.21

*See accompanying notes to financial statements.*

Approved by Butterfield Bank (Cayman) Limited, Trustee on June 28, 2023.

 Authorized Signatory

Christopher Ebanks

Butterfield Bank(Cayman) Limited acting in its sole capacity as Trustee

 Authorized Signatory

Renee Maycock

Butterfield Bank(Cayman) Limited acting in its sole capacity as Trustee

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Statement of Comprehensive Loss

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

	Note	2022	2021
<b>Income</b>			
Interest income		910,991	783,592
Net realized loss on investments		(285,833)	(107,460)
Movement in unrealized loss on investments		(1,048,784)	(609,928)
		(423,626)	66,204
<b>Expenses</b>			
Promoter fees	6	43,149	52,752
Administration fees	7	41,359	40,672
Professional fees		34,235	30,861
Interest expense		124,697	68,260
Other expenses		324	393
		243,764	192,938
<b>Net comprehensive loss for the year</b>		US\$ (667,390)	(126,734)

*See accompanying notes to financial statements.*

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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	51,745,989	49,171,320
Net comprehensive loss for the year	(667,390)	(126,734)
Issue of redeemable units during the year	3,191,675	4,079,317
Redemption of redeemable units during the year	(2,214,887)	(1,377,914)
<b>Net assets at end of the year</b>	<b>US\$ 52,055,387</b>	<b>51,745,989</b>

*See accompanying notes to financial statements.*



**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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
<b>Cash provided by/(used in):</b>		
<b>Operating activities</b>		
Net comprehensive loss for the year	(667,390)	(126,734)
Items not involving cash:		
Net realized loss on investments	285,833	107,460
Movement in unrealized loss on investments in investment fund	1,048,784	609,928
Payments on purchases of investments	(21,341,589)	(21,380,531)
Proceeds from disposals of investments	15,512,910	14,366,686
Net change in operating assets/liabilities:		
Interest income receivable	(109,601)	716,474
Accounts payable and accrued expenses	10,746	(62,726)
<b>Net Cash used in operating activities</b>	<b>(5,260,307)</b>	<b>(5,769,443)</b>
<b>Financing activities</b>		
Proceeds from issue of redeemable units	4,081,044	3,252,337
Payments on redemption of redeemable units	(1,879,729)	(1,377,914)
<b>Net Cash provided by financing activities</b>	<b>2,201,315</b>	<b>1,874,423</b>
<b>Net movement in cash and cash equivalents for the year</b>	<b>(3,058,992)</b>	<b>(3,895,020)</b>
Cash and cash equivalents at beginning of the year	5,731,363	9,626,383
<b>Cash and cash equivalents at end of the year</b>	<b>US\$ 2,672,371</b>	<b>5,731,363</b>
<b>Supplementary information on cash flows from operating activities:</b>		
Interest received	US\$ 801,389	1,500,066

*See accompanying notes to financial statements.*

# **CORALISLE PIONEER FUND – CORE LIQUIDITY**

## **(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements

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

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### **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 – Core Liquidity (the “Fund”), one of the classes of redeemable units which was created by resolution of the Trustee on August 14, 2013.

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 long-term capital preservation through investment in bank deposits, term deposits and other money market instruments and government, agency and corporate bonds issued by listed companies.

The registered office of the Fund is located at 12 Albert Panton Street, 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”). The Fund’s assets and liabilities are primarily denominated in US dollars.

#### *(b) Use of estimates*

The preparation of financial statements in conformity 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.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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**2. Significant accounting policies (continued)**

*(c) Financial instruments*

*(i) 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 debt securities and certificates of deposits.

Financial assets at amortized cost include cash and cash equivalents, interest income receivable and subscriptions receivable.

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

*(ii) 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. Realized gains and losses from investment transactions are accounted for in the Statement of Comprehensive Loss on the weighted average cost basis.

*(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.

Other financial assets that have fixed and determinable payments that are not quoted in an active market are classified as 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.

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.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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**2. Significant accounting policies (continued)**

*(c) Financial instruments (continued)*

*(iv) Fair value measurement principles*

The fair value of listed financial instruments is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs.

Certificates of deposit are valued at cost, which the Trustee believes approximates fair value.

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 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.

*(vi) Specific instruments*

*Cash and cash equivalents*

Cash and cash equivalents is held in call accounts with the Trustee, Clarien Investments Limited, Morgan Stanley, Butterfield bank and the Royal Bank of Canada (Caribbean) Corporation and the original maturities are three months or less from the acquisition date.

*(d) Income and expenses*

Interest income is recorded using the effective interest rate method. Expenses are recorded on the accrual basis as incurred. All income and expenses are recognized on an accrual basis in the Statement of Comprehensive Loss.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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**2. Significant accounting policies (continued)**

*(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.

Interest income received by the Fund may be subject to withholding tax imposed by the country of origin.

*(f) Redeemable units*

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 consistent with that used in 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 rights to receive redemptions for cash at the value proportionate to the unitholders' 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 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.

*(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 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.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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)**

*(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 January 1, 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.

**3. Fair values of financial instruments**

December 31, 2022	Par Value	Cost	Unrealized loss	Fair value
Certificates of Deposit	N/A	28,233,216	-	28,233,216
Debt Securities	21,565,000	22,929,354	(1,679,866)	21,249,488
<b>Total</b>	<b>US\$ 21,565,000</b>	<b>US\$ 51,162,570</b>	<b>(1,679,866)</b>	<b>49,482,704</b>

December 31, 2021	Par Value	Cost	Unrealized loss	Fair value
Certificates of Deposit	N/A	23,986,161	-	23,986,161
Debt Securities	20,350,000	21,633,563	(631,082)	21,002,481
<b>Total</b>	<b>US\$ 20,350,000</b>	<b>US\$ 45,619,724</b>	<b>(631,082)</b>	<b>44,988,642</b>

*(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.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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 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 is not based on observable market data (unobservable inputs).

		Level 1	Level 2	Level 3	Total
December 31, 2022					
Certificates of Deposit		-	28,233,216	-	28,233,216
Debt Securities	US\$	2,658,985	18,590,503	-	21,249,488
	US\$	2,658,985	46,823,719	-	49,482,704

		Level 1	Level 2	Level 3	Total
December 31, 2021					
Certificates of Deposit		-	23,986,161	-	23,986,161
Debt Securities	US\$	2,001,304	19,001,177	-	21,002,481
	US\$	2,001,304	42,987,338	-	44,988,642

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: US\$Nil) between any of the levels for financial assets at fair value through profit or loss.

*(b) Valuation method*

*Certificates of deposit*

The Fund holds positions in certificates of deposit with Clarien Bank Limited. The certificates of deposit are valued at cost plus accrued interest as an approximation to fair value and are categorized in Level 2 of the fair value hierarchy.

*Debt Securities*

The fair value of debt securities is based on their market prices at the statement of financial position date without any deduction for estimated future selling costs.

## **CORALISLE PIONEER FUND – CORE LIQUIDITY (A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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### **3. Fair values of financial instruments (continued)**

#### *(b) Valuation method (continued)*

##### *Debt Securities (continued)*

Where quoted prices in an active market are available at the measurement date for an identical corporate debt security, those prices are used. The Fund measures instruments quoted in an active market at mid-price, because this price provides a reasonable approximation of the exit price.

In other cases, the fair value is estimated using the market comparison/discounted cash flow techniques. This considers (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted prices of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

#### *(c) Key sources of estimation uncertainty*

The Fund's financial instruments 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.

#### *(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, price 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 by the Fund. The fund holds 43% in Corporate and Government bonds and remaining 57% in Certificates of deposit. The Fund's market risk is managed by the Investment Manager on a monthly basis by comparing the returns of the investment to its stated benchmark, 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 investments.



## CORALISLE PIONEER FUND – CORE LIQUIDITY (A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

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

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### 4. Financial instruments and associated risk (continued)

#### *Price risk*

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate and currency risks), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's instruments are carried at fair value with fair value changes recognized in the Statement of Comprehensive Loss, all changes in market conditions will directly affect net investment income.

Price risk is monitored on a daily basis by the Investment Manager. To manage price risk, the Investment Manager aims to construct a diversified portfolio of instruments traded on various markets, as discussed at note 1. Fixed income securities are selected by the Investment Manager when there is an expectation of long-term appreciation. Stress analysis of the portfolio is routinely conducted with the assistance of Bloomberg and Morningstar on a quarterly basis, the results of which are utilized by the Investment Manager to determine portfolio adjustments, if any.

Under normal circumstances, the Fund will invest within the following preferences and restrictions:

Single Security corporate fixed income notes and bonds (excluding Government/quasi-Government related issuers).	Not more than 5% of Net Asset Value.
Single Parent Company Issuer (excluding Government/quasi-Government related issuers).	Not more than 10% of Net Asset Value.
Industry sector exposure Issuer (excluding Government/quasi-Government related issuers).	Not more than 20% of Net Asset Value.

The Fund is exposed to price risk on financial instruments that are valued at market prices for listed securities. All investments in government, agency and listed corporate debt securities are fixed-income instruments that have a maturity of less than 4 years. The Fund expects price fluctuations for these investments to arise principally from interest rate or credit risk. As a result, the Fund is not subject to significant other price risk on these investments.

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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)**

*Price risk (continued)*

	December 31, 2022	
	Fair Value	% of NAV
Investments:		
Certificates of deposit	28,233,216	54.24%
Debt Securities:		
US TREASURY N/B 0.125% 09/15/23	484,395	0.93%
US TREASURY N/B 0.250% 06/15/23	441,457	0.85%
US TREASURY N/B 0.625% 10/15/24	420,363	0.81%
US TREASURY N/B 1.500% 02/15/25	564,891	1.09%
US TREASURY N/B 2.375% 01/31/23	449,402	0.86%
US TREASURY N/B 4.250% 09/30/24	298,477	0.57%
Corporate Debt	18,590,503	35.71%
Total Debt Securities	21,249,488	40.82%
<b>Total</b>	<b>US\$ 49,482,704</b>	<b>95.06%</b>

	December 31, 2021	
	Fair Value	% of NAV
Investments:		
Certificates of deposit	23,986,161	46.35%
Debt Securities:		
TREASURY BILL 0.000% 02/24/22	600,007	1.16%
US TREASURY N/B 0.125% 09/15/23	495,478	0.96%
US TREASURY N/B 0.625% 10/15/24	446,467	0.86%
US TREASURY N/B 2.375% 01/31/23	459,352	0.89%
Corporate Debt	19,001,177	36.72%
Total Debt Securities	21,002,481	40.59%
<b>Total</b>	<b>US\$ 44,988,642</b>	<b>86.94%</b>

## **CORALISLE PIONEER FUND – CORE LIQUIDITY (A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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### **4. Financial instruments and associated risk (continued)**

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of 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 interest bearing certificates of deposit, and debt securities. As a result the Fund may be directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

To mitigate this risk, the interest bearing asset portfolio includes investments in fixed rate instruments including corporate debt, sovereign bonds and certificates of deposit. The interest bearing portfolio must only include investments of a very high credit quality (rated A+ or better). Any excess cash and cash equivalents of the Fund are held in a call account at a bank.

A 1% increase in interest rates at December 31, 2022 would have increased the net assets attributable to holders of redeemable units and changes in net assets attributable to holders of redeemable units by US\$24,643 (2021: US\$105,650). An equal change in the opposite direction would have decreased the net assets attributable to holders of redeemable units by an equal but opposite amount.

#### *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.

#### *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held and cash and cash equivalents to the extent that the parties liable for these assets may become insolvent and be unable to meet their obligations to the Fund. Management has considered this risk by assessing the credit worthiness of the Fund's counterparties. The extent of the Fund's exposure to credit risk with respect to such financial assets is reflected in their carrying values as reported in the Fund's statement of financial position. Management monitors its risk by monitoring the credit quality and financial positions of the institutions it uses. Management does not anticipate any losses as a result of these concentrations of credit risk. There were no significant concentrations in the debt securities portfolio of credit risk to any individual issuer as at December 31, 2022 or December 31, 2021.

## **CORALISLE PIONEER FUND – CORE LIQUIDITY (A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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### **4. Financial instruments and associated risk (continued)**

#### *Credit risk (continued)*

As of December 31, 2022 and December 31, 2021, the debt securities were held in sub-custody accounts at Morgan Stanley, RBC Securities Inc, acting as sub-custodian, with Clarien Bank acting as the custodian. Clarien Bank is a private investment bank incorporated in Hamilton, Bermuda.

#### *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 investments to cover the difference. All liabilities are payable within 3 months.

The Fund allows for monthly redemptions in the normal course of business, but may impose redemption restrictions in certain circumstances. As a result, the Fund may not be able to liquidate quickly its investment in this instrument when intended, nor at an amount close to its fair value in order to meet its liquidity requirements if such situations arise.

All of the investments held in the Fund are considered highly liquid. The certificates of deposits can be broken on any day with only the loss of interest accrues, and have laddered maturities over the next three years.

### **5. Subscription and redemption of units**

The Fund began accepting subscriptions in August 2013. Redeemable units of the Fund were offered at US\$11.12 per unit at that date. Thereafter, redeemable units are offered at the net asset value per redeemable unit on the last business day of each month.

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

The unitholders are entitled to redeem units at the net asset value per redeemable unit on the last business day of the previous month.

Movements in redeemable units during the year were as follows:

<u>Class A redeemable units</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	4,238,571	4,017,883
Issued during the year	264,482	333,299
Redeemed during the year	(184,059)	(112,611)
<b>Balance at end of the year</b>	<b>4,318,994</b>	<b>4,238,571</b>

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(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)**

The net assets attributable to holders of redeemable units are prepared after the deduction of redemption of redeemable units on December 31, 2022. Accordingly, redemptions payable of US\$335,158 (2021: US\$Nil) 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 are 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	52,390,545	4,346,802
Redemption of redeemable units on December 31, 2022	(335,158)	(27,808)
Net assets attributable to holders of redeemable units after December 31, 2022 redemptions	US\$ 52,055,387	4,318,994
December 31, 2021	Net Assets (US\$)	Number of redeemable units
Net assets attributable to holders of redeemable units prior to December 31, 2021 redemptions	51,745,989	4,238,571
Redemption of redeemable units on December 31, 2021	-	-
Net assets attributable to holders of redeemable units after December 31, 2021 redemptions	US\$ 51,745,989	4,238,571

**CORALISLE PIONEER FUND – CORE LIQUIDITY**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

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**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 0.25% per annum of the average NAV of the Fund. Included in accounts payable and accrued expenses at December 31, 2022 are promoter fees payable of US\$21,573 (2021: US\$10,784).

**7. Administration fees**

Administration fees are due monthly in arrears to the Administrator, at a rate of 0.08% per annum calculated on a monthly basis of the month-end NAV of the Fund, subject to a minimum of US\$1,500 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\$4,002 (2021: US\$6,900).

Trustee fees 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 US\$1,000 per year. Such fees are to be subtracted from the administration fees amount payable to the Administrator.

**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 payable to unitholders amounting to US\$335,158 (2021: net receivable from unitholders amounting to US\$889,369).

**CORALISLE PIONEER FUND – CORE LIQUIDITY  
(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

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

**9. Financial highlights**

The following are the financial highlights:

Class A redeemable units	2022	2021
<b>Per redeemable unit operating performance:</b>		
Net asset value per redeemable unit at beginning of the year	12.21	12.24
Net loss for the year <sup>(1)</sup>	(0.16)	(0.03)
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<b>Net asset value per redeemable unit at end of the year</b>	US\$ 12.05	12.21
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<b>Total return<sup>(2)</sup></b>	(1.31%)	(0.25%)
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<b>Ratios to average net assets:</b>		
Expenses	0.47%	0.38%

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

<sup>(2)</sup> 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\$1,492,114 and paid out redemptions of US\$382,316 of the Class A redeemable units.

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.