

Financial Statements of

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

December 31, 2023

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX  
(A UNIT TRUST OF CORALISLE PIONEER FUND)**

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## Independent Auditor's Report

The Trustee  
Coralisle Pioneer Fund – U.S. Equities Index  
(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 – U.S. Equities Index (the “Fund”), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income/(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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2023, 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**

This report is made solely to the Trustee, a body. Our audit work has been undertaken so that we might state to the Trustee 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 Fund and the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

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, 2024

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

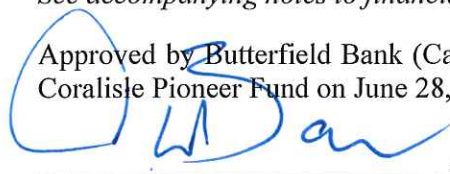
Statement of Financial Position

As at December 31, 2023  
*(stated in United States dollars)*

	Note	2023	2022
<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>			
Investment in investment fund	3,4	12,963,971	9,900,243
<b>Cash and receivables</b>			
Cash and cash equivalents		3,213	2,449
Investment subscription in advance		58,000	-
Due from broker		-	358,500
		13,025,184	10,261,192
<b>LIABILITIES</b>			
<b>Financial liabilities measured at cost</b>			
Accounts payable and accrued expenses	6,7	36,061	30,516
Redemptions payable	5,8	11,541	358,996
		47,602	389,512
<b>Net assets attributable to the holders of redeemable units</b>			
	5	US\$ 12,977,582	9,871,680
<b>Net asset value per redeemable units of Class A, based on 334,016 (2022: 314,969) redeemable units outstanding</b>			
	5,9	US\$ 38.85	31.34

*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, 2024.

  
 \_\_\_\_\_ Authorized Signatory

Craig Barley

  
 \_\_\_\_\_ Authorized Signatory

Renee Maycock

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Statement of Comprehensive Income/(Loss)

For the year ended December 31, 2023  
*(stated in United States dollars)*

	Note	2023	2022
<b>Income</b>			
Interest income from cash and cash equivalents		2	3
Net realized gain on investment in investment fund		109,530	423,256
Movement in unrealized gain/(loss) on investment in investment fund		2,476,698	(2,614,491)
		2,586,230	(2,191,232)
<b>Expenses</b>			
Promoter fees	6	114,469	104,057
Administration fees	7	11,447	10,406
Professional fees		3,032	3,120
Other expenses		802	768
		129,750	118,351
<b>Net comprehensive income/(loss) for the year</b>		US\$ 2,456,480	(2,309,583)

*See accompanying notes to financial statements.*

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

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

For the year ended December 31, 2023

*(stated in United States dollars)*

	2023	2022
Net assets at beginning of the year	9,871,680	12,193,943
Net comprehensive income/(loss) for the year	2,456,480	(2,309,583)
Issue of redeemable units during the year	1,256,243	1,254,849
Redemption of redeemable units during the year	(606,821)	(1,267,529)
<b>Net assets at end of the year</b>	<b>US\$ 12,977,582</b>	<b>9,871,680</b>

*See accompanying notes to financial statements.*



**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Statement of Cash Flows

For the year ended December 31, 2023  
*(stated in United States dollars)*

	2023	2022
<b>Cash provided by/(used in):</b>		
<b>Operating activities</b>		
Net comprehensive income/(loss) for the year	2,456,480	(2,309,583)
Items not involving cash:		
Net realized gain on investment in investment fund	(109,530)	(423,256)
Movement in unrealized (gain)/loss on investment in investment fund	(2,476,698)	2,614,491
Payments on purchases of investments in investment fund	(752,000)	(1,226,500)
Proceeds from disposals of investments in investment fund	274,500	1,113,100
Net change in non-cash operating balances:		
Investment subscription in advance	(58,000)	-
Due from broker	358,500	(358,500)
Accounts payable and accrued expenses	5,545	(3,793)
<b>Net Cash used in Operating activities</b>	<b>(301,203)</b>	<b>(594,041)</b>
<b>Financing activities</b>		
Proceeds from issue of redeemable units	1,256,243	1,553,713
Payments on redemption of redeemable units	(954,276)	(959,426)
<b>Net Cash provided by Financing activities</b>	<b>301,967</b>	<b>594,287</b>
<b>Net movement in cash and cash equivalents for the year</b>	<b>764</b>	<b>246</b>
Cash and cash equivalents at beginning of the year	2,449	2,203
<b>Cash and cash equivalents at end of the year</b>	<b>US\$ 3,213</b>	<b>2,449</b>
<b>Supplementary information on cash flows from operating activities:</b>		
Interest received	US\$ 2	3

*See accompanying notes to financial statements.*

# **CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**

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

Notes to Financial Statements

For the year ended December 31, 2023  
(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, 2023, xxx (2022: twenty) classes of redeemable units were in existence.

These financial statements represent Coralisle Pioneer Fund - U.S. Equities Index (the “Fund”), one of the classes of units which was created by resolution of the Trustee on February 1, 2008.

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 objective of the Fund is to track the performance of the Standard & Poor’s 500 Composite Stock Price Index. This objective is achieved by investing in the Vanguard - U.S. 500 Stock Index Fund - USD, an open ended investment company incorporated in Ireland.

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, 2023 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. Material accounting policy information**

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.

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

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**2. Material accounting policy information (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 income/(loss). Realized gains and losses from investment transactions are accounted for in the statement of comprehensive income/(loss) 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 investment funds.

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

Financial liabilities measured 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 fair value, 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 income/(loss).

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

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**2. Material accounting policy information (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 and redemptions payable 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*

The fair value of the investment in investment fund is based on the net asset value per redeemable unit as reported by the administrator of Vanguard - U.S. 500 Stock Index Fund – USD.

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 comprises of a call account held with the Trustee.

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

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**2. Material accounting policy information (continued)**

*(d) Income and expenses*

Expenses are recorded on the accrual basis as incurred. All income and expenses are recognized in the statement of comprehensive income/(loss).

*(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.

*(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 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' 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 income/(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 – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

**2. Material accounting policy information (continued)**

*(h) Standards and amendments to existing standards effective January 1, 2023*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023 that have a material effect on the financial statements of the Fund.

*(i) New standards, amendments and interpretations effective after January 1, 2023 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, 2023, 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, 2023	Number of redeemable units	Cost	Unrealized gain	Fair value
Vanguard - U.S. 500 Stock Index Fund – USD	227,513	US\$ 7,501,964	5,462,007	12,963,971
December 31, 2022	Number of redeemable units	Cost	Unrealized gain	Fair value
Vanguard - U.S. 500 Stock Index Fund – USD	218,163	US\$ 6,914,934	2,985,309	9,900,243

The investee fund's objective is to track the performance of Standard and Poor's 500 Composite Stock Price Index. The Fund primarily invests in stocks of large U.S. companies. The Fund has concluded that the investee fund in which it invests, but does not consolidate, meets the definition of a structured entity. During the year, the Fund did not provide any financial support to the unconsolidated structured entity and has no intention of providing financial or other support.

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

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

*(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).

		Level 1	Level 2	Level 3	Total
December 31, 2023					
Investment fund	US\$	-	12,963,971	-	12,963,971

		Level 1	Level 2	Level 3	Total
December 31, 2022					
Investment fund	US\$	-	9,900,243	-	9,900,243

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, 2023 and 2022 (2022: US\$Nil) between any of the levels for financial assets at fair value through profit or loss.

*(b) Valuation method*

Investments in non-exchange traded open-ended investment funds are 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 investment funds have certain restrictions.

## **CORALISLE PIONEER FUND – U.S. EQUITIES INDEX (A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
(stated in United States dollars)

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

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

The Fund's main financial instrument, its investment in a non-exchange traded fund, is 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 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 fund 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 investment fund.

At December 31, 2023, the impact on the Fund's net assets of a 10% increase or decrease in the price of the Vanguard - U.S. 500 Stock Index Fund - USD, with all other variables held constant would be an increase or decrease of US\$1,296,397 (2022: US\$990,024) in the net assets of the Fund. The actual result will vary depending on the quantity of redeemable units held.



## **CORALISLE PIONEER FUND – U.S. EQUITIES INDEX (A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
(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 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, 2023 and 2022 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.

#### *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.

## CORALISLE PIONEER FUND – U.S. EQUITIES INDEX (A Unit Trust of Coralisle Pioneer Fund)

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
(stated in United States dollars)

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

#### *Credit risk (continued)*

The investment in investment fund is held in custody via a nominee account. 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 fund to cover the difference. All liabilities are payable within three months.

The Fund's financial instruments include an investment in a non-exchange traded offshore open-ended investment fund. The investment fund allows for daily redemptions in the normal course of business.

The Fund's financial liabilities have maturities of less than three months in 2023 and 2022.

### 5. Subscription and redemption of units

The Fund began accepting subscriptions in February 2008. Redeemable units of the Fund were offered at US\$10 per redeemable 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 their redeemable units at the net asset value per redeemable unit on the last business day of each month.

Movements in redeemable units during the year were as follows:

Class A redeemable units	2023	2022
Balance at beginning of the year	314,969	313,408
Issued during the year	35,894	38,144
Redeemed during the year	(16,847)	(36,583)
<b>Balance at end of the year</b>	<b>334,016</b>	<b>314,969</b>

The net assets attributable to holders of redeemable units are prepared after the deduction of redemption of redeemable units on December 31, 2023. As of December 31, 2023, redemptions payable of US\$11,541 (2022: US\$358,996) are included in the financial statements.

**CORALISLE PIONEER FUND – U.S. EQUITIES INDEX**  
**(A Unit Trust of Coralisle Pioneer Fund)**

Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

**5. Subscription and redemption of units (continued)**

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, 2023 and 2022 are shown in the schedule below:

	Net Assets (US\$)	Number of redeemable units
December 31, 2023		
Net assets attributable to holders of redeemable units prior to December 31, 2023 redemptions	12,989,123	334,313
Redemption of redeemable units on December 31, 2023	(11,541)	(297)
Net assets attributable to holders of redeemable units after December 31, 2023 redemptions	US\$ 12,977,582	334,016
December 31, 2022		
Net assets attributable to holders of redeemable units prior to December 31, 2022 redemptions	9,873,043	315,013
Redemption of redeemable units on December 31, 2022	(1,363)	(44)
Net assets attributable to holders of redeemable units after December 31, 2022 redemptions	US\$ 9,871,680	314,969

**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 1.0% per annum of the average NAV of the Fund. Included in accounts payable and accrued expenses at December 31, 2023 are promoter fees payable of US\$30,638 (2022: US\$25,685).

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Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

**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, 2023 are administration fees payable of US\$2,088 (2022: US\$1,043).

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 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, 2023, the Fund had an outstanding net redemptions payable to unitholders amounting to US\$11,541 (2022: net payable to unitholders amounting to US\$358,996).

**9. Financial highlights**

The following are the financial highlights for the year ended December 31, 2023

Class A redeemable units	2023	2022
<b>Per redeemable unit operating performance:</b>		
Net asset value per redeemable unit at beginning of the year	31.34	38.91
Net income gain for the year <sup>(1)</sup>	7.51	(7.57)
<hr/>		
<b>Net asset value per redeemable unit at end of the year</b>	<b>US\$ 38.85</b>	<b>31.34</b>
<hr/>		
<b>Total return<sup>(2)</sup></b>	<b>23.97%</b>	<b>(19.45%)</b>
<hr/>		
<b>Ratios to average net assets:</b>		
Expenses	1.14%	1.09%

<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 unit during the year. An individual investor's return may vary from these based on the timing of redeemable unit transactions.

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Notes to Financial Statements (continued)

For the year ended December 31, 2023  
*(stated in United States dollars)*

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**10. Subsequent events**

For the period from January 1, 2024 to May 31, 2024, the Fund received subscriptions of US\$771,011 and paid redemptions of US\$351,048 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, 2024, 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.