# alphabeta access products ltd

(formerly Oder Capital Limited)

Report and Audited Financial Statements

For the year ended 31 December 2019

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## DIRECTORS' REPORT
**For the year ended 31 December 2019**

The Directors present their Report, together with the audited financial statements of alphabeta access products ltd (the "Company"), for the year ended 31 December 2019.

### INCORPORATION AND PRINCIPAL ACTIVITIES
The Company was incorporated as a public company on 29 May 2012. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US$50,000,000,000 Certificate Programme (increased from US$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes. There were three new series of certificates ("Series 17", "Series 19" and "Repack Series 1") issued during the year. In addition the Exchange Traded Products Programme ("ETP Programme") was launched in 2019 launching 53 Series of Tracker Certificates.

### GOING CONCERN
The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley & Co International Plc ("Morgan Stanley") and income is received from Morgan Stanley to cover bank charges. The Directors have no reason to believe that Morgan Stanley will not honour this agreement for the foreseeable future and note that this agreement has been in place for a number of years and Morgan Stanley have continued to meet their obligations under it. Also, the Directors have no reason to believe that Morgan Stanley will not continue as a going concern amidst the current uncertain market conditions derived from the outbreak of the COVID-19 Virus. The unsecured Certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

### RESULTS AND DIVIDENDS
The results for the year are set out on page 9. The Directors did not recommend any dividends for the year (2018: US$ nil).

### DIRECTORS
The Directors who held office during the year and up to the date of this report were:

M Newton (appointed 12 March 2019)
S Conroy

S M Rayson who was appointed as a Director on 15 May 2015, resigned on 12 March 2019.

### COMPANY SECRETARY
The Secretary of the Company who has been Secretary for the year under review and up to the date for this report is Crestbridge Corporate Services Limited.

### INDEPENDENT AUDITOR
The Independent Auditor Deloitte resigned on 6 December 2019. Subsequently Grant Thornton Limited, were appointed as the Independent Auditor on 6 December 2019. Accordingly a resolution to reappoint Grant Thornton Limited was approved at the Directors Meeting on the date of this report.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing financial statements in accordance with generally accepted accounting principles.

Companies Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Company's surplus or deficit for that period. In preparing these financial statements the Directors should;

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly, for each financial period, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Subfund will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company at that time and to enable them to ensure that any financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors confirm that so far as they are aware, there is no relevant audit information, of which the Company’s auditor is unaware and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of this information.

**DIRECTORS' REPORT**
**For the year ended 31 December 2019**

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

Michael Newton

Date: 31 March 2020

**Registered Office**
47 Esplanade
St Helier
Jersey
JE1 0BD

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF ALPHABETA ACCESS PRODUCTS LIMITED (FORMERLY ODER CAPITAL LIMITED)**

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of Alphabeta Access Products Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the Company's loss for the year then ended;
- are in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the company financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Emphasis of matter

We draw attention to Note 14 of the financial statements, which describes the effects of COVID-19 outbreak on the Company's operations. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| **Investments maybe materially misstated due to incorrect valuation.**<br><br>Investments comprise of positions leveraged products that hold investments in a range of trading programmes. The fair value of investments (financial assets at fair value through profit or loss) is based on the price of the underlying leveraged products. The fair value may therefore be misstated due to intentional manipulation of the underlying products valuations or incorrect calculation of the fair value as at year end. | Our audit work included, but was not restricted to:<br>• review of the Company's accounting policies to confirm their compliance with IFRS requirements;<br>• assessment of the design and implementation of controls relating purchases, disposals and valuation of investments;<br>• tracing samples of subscriptions and redemptions during the year to the relevant valid deal tickets to confirm their occurrence and accuracy;<br>• reconciling units held under each series as at 31 December 2019 to confirmations received from independent custodians; and<br>• recalculating the fair value as at 31 December 2019 using the closing prices and units confirmed by independent custodians.<br><br>The Company's accounting policy on financial assets at fair value through profit or loss is shown in note 2 and related disclosures are included in note 4.<br><br>**Key observations**<br>No misstatements were identified from the work performed. |

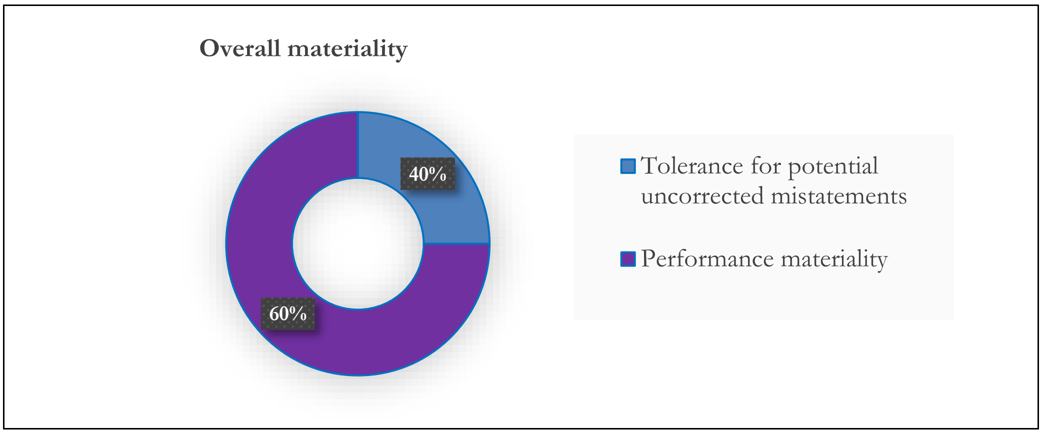
**Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

| Materiality measure | Company |
|---|---|
| Financial statements as a whole | $7,178,000 which is 2% of total assets. This benchmark is considered the most appropriate because certificate holders consider total assets value to be the main key performance indicator. |
| Performance materiality used to drive the extent of our testing | 60% of financial statement materiality |

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.




**An overview of the scope of our audit**

Our audit approach was based on a thorough understanding of the Company's business and is risk based, and in particular included:

- assessment of the controls designed and implemented by the administrator to ensure that information being recorded in the Company is valid, complete and accurate; and
- understanding the investments cycle and performing the relevant substantive procedures on fair value movement and the fair value as at 31 December 2019.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

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

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander R. Langley
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Helier
Jersey

**Date: 31 March 2020**

## STATEMENT OF FINANCIAL POSITION
## As at 31 December 2019

| Assets | Notes | 31-Dec-19 US$ | 31-Dec-18 US$ |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Financial assets at fair value through profit or loss | 4 | 330,684,454 | 218,956,590 |
| **Current Assets** | | | |
| Trade and other receivables | 5 | 28,204,208 | 10,123,785 |
| Cash and cash equivalents | | 23,520 | 72,205 |
| | | 28,227,728 | 10,195,990 |
| **Total Assets** | | 358,912,182 | 229,152,580 |
| **Equity** | | | |
| **Capital and Reserves Attributable to the Equity Holders of the Company** | | | |
| Share capital | 6 | 3 | 3 |
| Accumulated reserves | | 23,612 | 72,202 |
| **Total Equity** | | 23,615 | 72,205 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 7 | 28,204,113 | 10,123,785 |
| **Non-Current Liabilities** | | | |
| Financial liabilities at fair value through profit or loss | 8 | 330,684,454 | 218,956,590 |
| **Total Liabilities** | | 358,888,567 | 229,080,375 |
| **Total Equity and Liabilities** | | 358,912,182 | 229,152,580 |

These audited financial statements on pages 8 to 21 were approved and authorised for issue by the Board of Directors on 31 March 2020, and were signed on its behalf by:

Director

## STATEMENT OF COMPREHENSIVE INCOME
**For the year ended 31 December 2019**

| | Notes | 1-Jan-19 to 31-Dec-19 US$ | 1-Jan-18 to 31-Dec-18 US$ |
|---|---|---|---|
| **Income** | | | |
| Other income | | 9,000 | - |
| Bank interest income | | - | 116 |
| Foreign exchange gain | | - | 50,990 |
| Fair value gain on financial liabilities at fair value through profit or loss | | 17,227,027 | 10,703,682 |
| | | 17,236,027 | 10,754,788 |
| **Expenses** | | | |
| Fair value loss on financial assets at fair value through profit or loss | 4 | 17,227,027 | 10,652,563 |
| Management fees | 9 | 51,257 | 51,119 |
| Bank charges | | 5,558 | 2,512 |
| Foreign exchange loss | | 775 | - |
| | | 17,284,617 | 10,706,194 |
| **(Loss)/profit for the year** | | (48,590) | 48,594 |
| Other comprehensive income | | - | - |
| **Total Comprehensive (Loss)/Income attributable to Equity Holders of the Company** | | (48,590) | 48,594 |

All results in the current year and prior year result from continuing operations.

## STATEMENT OF CHANGES IN EQUITY
**For the year ended 31 December 2019**

| | Share Capital US$ | Accumulated Reserves US$ | Total US$ |
|---|---|---|---|
| As at 1 January 2019 | 3 | 72,202 | 72,205 |
| Loss and total comprehensive loss for the year | - | (48,590) | (48,590) |
| As at 31 December 2019 | 3 | 23,612 | 23,615 |

| | Share Capital US$ | Accumulated Reserves US$ | Total US$ |
|---|---|---|---|
| As at 1 January 2018 | 3 | 23,608 | 23,611 |
| Profit and total comprehensive income for the year | - | 48,594 | 48,594 |
| As at 31 December 2018 | 3 | 72,202 | 72,205 |

## STATEMENT OF CASH FLOWS
**For the year ended 31 December 2019**

| | Notes | 31-Dec-19<br>US$ | 31-Dec-18<br>US$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/profit for the year | | (48,590) | 48,594 |
| Fair value movement on financial liabilities at fair value through profit or loss | | 17,227,027 | 10,703,682 |
| Fair value movement on financial assets at fair value through profit or loss | | (17,227,027) | (10,652,563) |
| Decrease in payables | | (67,033) | (3,323) |
| | | (115,623) | 96,390 |
| **Cash flows from investing activities** | | | |
| Purchase of investments | | (247,118,198) | (131,969,739) |
| Sale of investments | | 118,163,308 | 70,641,327 |
| **Net cash outflow from investing activities** | | (128,954,890) | (61,328,412) |
| **Cash flows from financing activities** | | | |
| Issue of Certificates | | 247,118,198 | 131,969,739 |
| Redemption of Certificates | | (118,096,370) | (70,689,121) |
| **Net cash inflow from financing activities** | | 129,021,828 | 61,280,618 |
| **(Decrease)/Increase in cash and cash equivalents** | | (48,685) | 48,596 |
| **Cash and cash equivalents at the beginning of the year** | | 72,205 | 23,609 |
| **Cash and cash equivalents at the end of the year** | | 23,520 | 72,205 |

## NOTES TO THE FINANCIAL STATEMENTS
**For the year ended 31 December 2019**

### 1 GENERAL INFORMATION

The Company's principal place of business is at 47 Esplanade, St. Helier, Jersey, JE1 0BD. The Company was incorporated on 29 May 2012 under the Companies (Jersey) Law 1991. The principal activity of the Company is to issue secured and unsecured Certificates (together "the Certificates") under the terms of a US$50,000,000,000 Certificate Programmes ("the Programme") (increased from US$30,000,000,000 on 13 June 2019). The Certificates will be issued in series and will provide holders with indirect access to various leveraged products holding investments in a range of trading Programmes.

Seven series of Certificates were in issue at the year end and provide indirect access to the following Programmes:

| **Series Name:** | **Principal Country of Operation** |
|---|---|
| Lynx (Cayman) Fund Limited (series 6) | Cayman Islands |
| IPM (Cayman) Fund Limited (series 9) | Ireland |
| Series 16 - Investment basket | Ireland |
| MSP (Europe) I Limited (series 17) | Cayman Islands |
| Two Trees (Capital) Limited (series 19) | Cayman Islands |
| Repack Series 1 | Gibraltar |
| Exchanged Traded Products Programme | Sweden |

OM Arbea Fund Limited, Quantica Capital (Cayman) Fund and Series 15 Investment basket were fully redeemed in the year.

During the year the Company in its capacity as Issuer, issued various unsecured exchange traded products which were be listed on the warrants and certificate exchange segment of the Nasdaq First North Sweden and Euronext Dublin. Throughout the year the certificates were actively traded and 50 series of certificates were in issue at the year end.

Also, during the year the Company in its capacity as Issuer established a new US$30,000,000,000 secured and unsecured notes programme. The notes are to be issued in series. The series assets of the notes include bonds or notes of any form, denomination, type and issuer or other assets as specified in the Pricing Supplement. The series assets also include cash or assets held in a cash or custody account with the Custodian.

Pursuant to the programme the first issuance of notes comprised of the issue of US$15,000,000 ETF SPDR Gold Shares Fund tracker notes. The proceeds of the note issuance were used to acquire bonds issued by New Jersey Transportation Trust Fund Authority.

### 2 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently throughout the years presented in dealing with items which are considered to be material in relation to the Company's audited financial statements (the "financial statements").

**Basis of accounting**

These audited financial statements have been prepared on an historical cost basis, except for financial assets and liabilities designated at Fair Value Through Profit or Loss ('FVTPL') which have all been measured at fair value. The financial statements are presented in United States Dollars ("US$").

**Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

**Going concern**

The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley & Co International Plc ("Morgan Stanley") and income is received from Morgan Stanley to cover bank charges. The Directors have no reason to believe that Morgan Stanley will not honour this agreement for the foreseeable future and note that this agreement has been in place for a number of years and Morgan Stanley have continued to meet their obligations under it. Also, the Directors have no reason to believe that Morgan Stanley will not continue as a going concern amidst the current uncertain market conditions derived from the outbreak of the COVID-19 Virus. The unsecured Certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

**New standards and interpretations not yet adopted**

Standards issued but not yet effective up to the reporting date of the audited financial statements are listed below:

| | For annual periods commencing on: |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020 |
| Amendments to IFRS 3 – Definition of a Business | 1 January 2020 |
| Amendments to IAS 1 and IAS 8 (Oct 2018) – Definition of Material | 1 January 2020 |

The evaluation of the impact on the financial statements in respect of the: disclosures; classification; and, measurement on adoption of the standards in issue but not yet effective has not been finalised and is currently being assessed by the Directors.

**2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)**

**Financial instruments**

1.1 Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:
- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Assets measured at fair value are Financial Assets at FVTPL and Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI"), gains and losses of which will be recorded in profit or loss or other comprehensive income ("OCI") respectively. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. No such irrevocable election has been made.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

1.2 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

1.3 Subsequent measurement of financial assets and liabilities

**Financial assets**

**Debt instruments**
Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**Financial liabilities**
Financial liabilities are classified and subsequently measured at amortised cost, except for those that are derivative financial instruments or financial liabilities that are held for trading i.e. the Certificates, which are classified as FVTPL. The FVTPL option can also be irrevocably elected at initial recognition of financial liabilities, if it eliminates or significantly reduces an accounting mismatch, the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

**Equity instruments**
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. No such irrevocable election has been made.

Changes in the fair value of financial assets at FVTPL are recognised in fair value gains/(losses) in the Statement of Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.4 Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2 PRINCIPAL ACCOUNTING POLICIES - (CONTINUED)

**Equity instruments**
1.5 Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Gains and losses on sales are calculated on an average cost basis.

**Cash and cash equivalents**
Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less.

**Functional and presentation currency**
Items included in the financial statements of the Company are measured using the primary currency in which the Company operates. The financial statements are presented in United States Dollar, which is the Company's functional and presentation currency.

**Share Capital**
Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity investments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**Expenses**
All the Company expenses other than bank charges are paid by Morgan Stanley & Co. International Plc ("Morgan Stanley") and consequently are not recognised in these financial statements.

**Revenue**
Revenue has been recognised as and when it falls due to the Company. The Company is entitled to transaction fees of US$750 for each series of Certificates issued during the year. In addition, income is received by the Company from Morgan Stanley to cover bank charges.

**Taxation**
The Company is liable to Jersey income tax at a rate of 0% (2018: 0%).

**Valuation of Certificates**
The Company held seven series' of Certificates as at the year-end. The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The investments are listed on Euronext Dublin, Gibraltar Stock Exchange or Nasdaq South North.

The Company has designated all of the Certificates at fair value through profit or loss which is equivalent to the available quoted price of the underlying investment in the market. The Certificates are initially recognised at fair value and subsequently re-measured at fair value through profit or loss based on the last traded price of the underlying investment. Profits and losses on sales are accounted for on a trade date basis and taken to the Statement of Comprehensive Income.

## 3 ACCOUNTING JUDGEMENTS

**Critical accounting judgements**
The Directors of the Company have considered there to be no critical accounting judgements made in respect of the preparation of these financial statements.

**Key sources of estimation**
The Company uses valuations received from the third party administrators of the underlying investments for daily Net Asset Valuation calculations. Financial assets at fair value through profit or loss are independently valued on an individual basis depending on the nature of the investment. Fair value estimates are made at a specific point in time, based on market conditions and other available information. The certificate investments fall under Level 1, 2 and 3 of the fair value hierarchy. The table in note 4 shows a reconciliation of opening balances to the year end balances. The Directors consider there to be no other key sources of estimation uncertainty at the year end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**Capital risk management**
When managing capital, the Company's objectives is to safeguard the its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company aims to deliver these objectives by aiming to achieve consistent returns from its assets, maintaining sufficient liquidity to meet the expenses of the Company. Currently, there are no externally imposed capital requirements.

**Foreign currency**
Items included in the audited financial statements are measured and presented in United States Dollar, reflective of the primary economic environment in which it operates (the "functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
**For the year ended 31 December 2019**

### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

**Summary as at 31 December 2019**

**Investment Programmes**

| | Cost US$ 1 Jan 2019 | Purchases US$ | Sales US$ | Cost C/f US$ | Unrealised Fair Value B/F US$ | Current Year Unrealised Movement US$ | Fair value at 31-Dec-19 |
|---|---|---|---|---|---|---|---|
| **OM Arbea Fund Ltd** | | | | | | | |
| ("Series 5") | 22,912,673 | - | (22,912,673) | - | 6,867,194 | (6,867,194) | - |
| **Lynx (Cayman) Fund Limited** | | | | | | | |
| ("Series 6") | 12,770,522 | 6,720,986 | (14,621,156) | 4,870,352 | (2,315,645) | 2,516,806 | 5,071,513 |
| **IPM (Cayman) Fund Limited** | | | | | | | |
| ("Series 9") | 58,475,265 | 14,000,000 | - | 72,475,265 | 18,136,792 | (26,443,838) | 64,168,219 |
| **Quantica Capital Cayman Fund** | | | | | | | |
| ("Series 10") | 11,830,889 | - | (11,830,889) | - | (110,222) | 110,222 | - |
| **Investment basket** | | | | | | | |
| ("Series 15") | 68,798,590 | - | (68,798,590) | - | (5,315,385) | 5,315,385 | - |
| **Investment basket** | | | | | | | |
| ("Series 16") | 28,668,975 | 201,997,798 | - | 230,666,773 | (1,763,058) | 10,364,592 | 239,268,307 |
| **MSP (Europe) 1 Limited** | | | | | | | |
| ("Series 17") | - | 700,000 | - | 700,000 | - | (393,719) | 306,281 |
| **Two Trees (Cayman) Fund Limited** | | | - | | | | |
| ("Series 19") | - | 2,295,000 | - | 2,295,000 | - | (269,978) | 2,025,023 |
| **Exchange Traded Product Programme** | | | - | | | | |
| ("ETP" Programme") | - | 6,404,414 | - | 6,404,414 | - | - | 6,404,414 |
| **Repack Gibraltar Programme** | | | - | | | | |
| ("Repack Series 1") | - | 15,000,000 | - | 15,000,000 | - | (1,559,303) | 13,440,697 |
| | 203,456,914 | 247,118,198 | (118,163,308) | 332,411,804 | 15,499,676 | (17,227,027) | 330,684,454 |

| | |
|---|---|
| Realised gain/(loss) on cost | 6,258,285 |
| Unrealised fair value movement | (23,485,312) |
| Fair value movement on assets measured at fair value through profit or loss | (17,227,027) |

**Level 3 Investment Reconciliation**

| | | 31-Dec-19 US$ | 31-Dec-18 US$ |
|---|---|---|---|
| Fair value as at 1 January | | - | 17,568,198 |
| Additions | | - | - |
| Disposal | | - | (17,209,846) |
| Gain/(losses) | Realised | - | 118,367 |
| | Unrealised | - | (168,817) |
| | FX movement | - | (307,902) |
| Fair value at the end of the year | | - | - |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
**For the year ended 31 December 2019**

### 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

**Summary as at 31 December 2018**

| Investment Programme | Cost 1-Jan- 18 US$ | Purchases US$ | Sales US$ | Cost C/f US$ | Unrealised Fair Value B/F US$ | Unrealised Movement US$ | Fair value at 31-Dec-18 US$ |
|---|---|---|---|---|---|---|---|
| **E2 WNTN Trade Co-Diversified Fund** | | | | | | | |
| ("Series 13") | 3,176,531 | 2,075,000 | (5,251,531) | - | 953,786 | (953,786) | - |
| **OM Arbea Fund Ltd** | | | | | | | |
| ("Series 5") | 24,270,030 | - | (1,357,357) | 22,912,673 | 11,014,688 | (4,147,494) | 29,779,867 |
| **Lynx (Cayman) Fund Limited** | | | | | | | |
| ("Series 6") | 17,501,802 | 11,390,296 | (16,121,576) | 12,770,522 | (3,162,895) | 847,250 | 10,454,877 |
| **IPM (Cayman) Fund Limited** | | | | | | | |
| ("Series 9") | 58,475,265 | - | - | 58,475,265 | 18,032,033 | 104,759 | 76,612,057 |
| **Quantica Capital Cayman Fund** | | | | | | | |
| ("Series 10") | 9,403,160 | 10,500,000 | (8,072,271) | 11,830,889 | 4,381,452 | (4,491,674) | 11,720,667 |
| **AZ pure China Fixed Income Strategy Sub Fund** | | | | | | | |
| ("Series 11") | 7,000,000 | | (7,000,000) | - | (172,394) | 172,394 | - |
| **Pure SICAV-SIF SA Apple Tree Multi-Strategy SubFund** | | | | | | | |
| ("Series 12") | 10,563,872 | - | (10,563,872) | - | 176,720 | (176,720) | - |
| **A&Q Risk Premia Select Limited** | - | 5,000,000 | (5,000,000) | - | - | - | |
| **Investment basket** ("Series 14 ") | 30,011,000 | | (30,011,000) | - | 65,766 | (65,766) | - |
| **Investment basket** ("Series 15") | - | 68,798,590 | - | 68,798,590 | - | (5,315,385) | 63,483,205 |
| **Investment basket** ("Series 16") | - | 28,668,975 | - | 28,668,975 | - | (1,763,058) | 26,905,917 |
| | 160,401,660 | 126,432,861 | (83,377,607) | 203,456,914 | 31,289,156 | (15,789,480) | 218,956,590 |

| | |
|---|---|
| Realised gain/(loss) on cost | (2,395,940) |
| Unrealised fair value movement | (8,256,623) |
| Fair value movement on assets measured at fair value through profit or loss | (10,652,563) |

The Company used the proceeds of each issue of Certificates or notes detailed in note 8 to acquire interest units in a variety of Investment Programmes. Series 5,6,9,10,11,12,13,17,19 Investment Programmes included Ireland and Cayman Islands Limited Liability Companies and the units are listed on the Irish Stock Exchange. The Investment Programmes provide exposure to leveraged derivative instruments and are held for capital appreciation. Series 15 and 16 invests in a diversified basket of shares of which the prices are published on Bloomberg.

In addition a new note programme was established in 2019 and the first issuance of notes comprised of the issue of US$15,000,000 ETF SPDR Gold Shares Fund tracker notes ("Repack Series 1"). The proceeds of the note issuance were used to acquire bonds issued by New Jersey Transportation Trust Fund Authority, the price of this bond is available on Bloomberg. These notes are listed on the Gibraltar Stock Exchange.

Furthermore, during 2019 the company issued a variety of exchange traded products which were listed on the Nasdaq First North Sweden, the proceeds from the sale of these products were collateralised in a diversified basket of shares. The prices of these shares are available on Nasdaq First North Sweden. The Company has a total return swap in place with Morgan Stanley.

### 5 TRADE AND OTHER RECEIVABLES

| | 31-Dec-19 US$ | 31-Dec-18 US$ |
|---|---|---|
| Proceeds from sale of units in OM Arbea Fund Limited | 28,204,113 | 10,123,785 |
| Amount due from Oder Charitable Trust | 95 | - |
| | 28,204,208 | 10,123,785 |

As at year end, trade and other receivables were neither past due nor impaired.

**6 SHARE CAPITAL**

| | 31-Dec-19 | 31-Dec-18 |
|---|---|---|
| *Authorised* | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| *Allotted, called up and fully paid* | US$ | US$ |
| 2 ordinary shares of £1 each | 3 | 3 |

On incorporation 2 ordinary shares were issued and fully paid at £1 each, at a foreign exchange rate of GBP 1.0000 : USD 1.5000
The Company has one class of ordinary shares which carry no right to fixed income.

**7 TRADE AND OTHER PAYABLES**

| | 31-Dec-19<br>US$ | 31-Dec-18<br>US$ |
|---|---|---|
| Due to certificate holders from sale of units in OM Arbea Fund Ltd | 28,204,113 | 10,056,752 |
| Accrued management fees | - | 67,033 |
| | 28,204,113 | 10,123,785 |

All the expenses of the Company, other than bank charges and management fees, are paid by Morgan Stanley who have provided funds to cover any bank charges. Any funds remaining in the bank account following the settlement of all liabilities and payment of dividends will then be transferred back to Morgan Stanley on dissolution of the Company.

**8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Company may issue up to US$50,000,000,000 secured and unsecured Certificates under the terms of the Certificate Programme dated 29 June 2012. All series currently in issue are unsecured and asset backed. At the year end the Company had seven Series of Certificates in issue under the Programme, one with a nominal value of US$1,000,000,000, three with a nominal value of US$500,000,000, one with a nominal value of US$30,000,000,000 and one with a nominal value of EUR325,000,000. Details of the seven Series of Certificates in issue are as follows:

__Summary as at 31 December 2019__

| Series | Number of Certificates in Issue | Number of Subscribed Certificates | Number of unsubscribed Certificates | Cost of Certificates 31/12/2019 US$ | Price of Certificates | Fair Value of certificates 31/12/2019 US$ |
|---|---|---|---|---|---|---|
| Series 6 Certificates | 500,000,000 | 6,317,941 | 493,682,059 | 4,870,352 | 0.802711 | 5,071,481 |
| Series 9 Certificates | 1,000,000,000 | 106,063,156 | 893,936,844 | 72,475,265 | 0.605000 | 64,168,209 |
| Series 16 Certificates - US$ equivalent | 3,250 | 2,039 | 1,211 | 230,666,773 | 117,357.298372 | 239,268,342 |
| Series 17 Certificates | 500,000,000 | 2,784,371 | 497,215,629 | 700,000 | 0.110000 | 306,282 |
| Series 19 Certificates | 500,000,000 | 2,209,295 | 497,790,705 | 2,295,000 | 0.916595 | 2,025,029 |
| Repack Series 1 | 21,429,000 | 21,429,000 | - | 15,000,000 | 0.627220 | 13,440,697 |
| **ETP Programme Certificates** | | | | | | |
| 53 Series of Certificates in issue | 69,000,000 | 634,189 | 68,365,811 | 6,404,414 | | 6,404,414 |
| | 2,590,432,250 | 139,439,991 | 2,450,992,259 | 332,411,804 | | 330,684,454 |

__Summary as at 31 December 2018__

| Series | Aggregate Nominal Amount of Certificates in Series | Number of Subscribed Certificates | Number of unsubscribed Certificates | Cost of Certificates 31/12/2018 US$ | Price of Certificates | Fair Value of certificates 31/12/2018 US$ |
|---|---|---|---|---|---|---|
| Series 5 Certificates | 637,734,090 | 179,317 | 637,554,773 | 22,912,673 | 166.07387 | 29,779,867 |
| Series 6 Certificates | 500,000,000 | 19,568,232 | 498,500,000 | 12,770,522 | 0.534278 | 10,454,877 |
| Series 9 Certificates | 1,000,000,000 | 80,584,892 | 964,450,920 | 58,475,265 | 0.950700 | 76,612,057 |
| Series 10 Certificates | 1,000,000,000 | 15,640,069 | 997,300,500 | 11,830,889 | 0.749400 | 11,720,668 |
| Series 15 Certificates - US$ | 34,402,770 | 602 | 34,402,168 | 68,798,590 | 105,453.826680 | 63,483,204 |
| Series 16 Certificates - US$ | 372,696,675 | 250 | 372,696,425 | 28,668,975 | 107,623.664710 | 26,905,917 |
| | 3,544,833,535 | 115,973,362 | 3,504,904,786 | 203,456,914 | | 218,956,590 |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**For the year ended 31 December 2019**

| **8 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)** | **31-Dec-19 US$** | **31-Dec-18 US$** |
|---|---|---|
| Fair value movement brought forward | 15,499,676 | 26,203,358 |
| Fair value movement current year | (17,227,027) | (10,703,682) |
| Fair value movement carried forward | (1,727,351) | 15,499,676 |

The Certificates constitute a straight pass through exposure, net of fees, to the underlying investments detailed in note 4. The Certificates are limited recourse to the proceeds of the investments. The Certificate holders shall have no rights or claims against any other assets or future series of the Certificates issued by the Company.

The amount of the Company's obligations in respect of the Certificates or Notes are dependent on the performance of the underlying investment in the interest units of the Investment Programme that each of the Certificates or Notes are exposed to, which will in turn determine the amounts repaid to the Certificate holders. The investment in the Certificates is not capital protected and therefore any negative performance of interest units in each underlying investment Programme will be reflected in the redemption price, which could result in a total loss on redemption of the Certificates. The Certificates can be redeemed at any time.

The holders of the Certificates have no shareholders rights and no duty to cover losses.

As per the Prospectus, Crestbridge Fund Administrators Limited, where appointed as the Calculation Agent, will determine the termination amount, liquidation repayment amount or the repayment of the repurchase price as the case may be.

Following the issue of the Certificates detailed above US$2,382,626,448 remains available for issue under the Certificate Programme dated 29 June 2012.

## 9 MANAGEMENT FEES

Pursuant to the Final Terms in relation to the Series 12 ("Series 12") Certificates, the Manager will receive from the Company, a management fee equal to 0.5% (50 basis points) per annum, calculated and accrued monthly on the net asset value of the underlying shares. The management fee will be paid from the proceeds of an annual redemption of the required number of underlying shares.

Following the full redemption of certificates, the outstanding management fees were paid with the redemption proceeds.

## 10 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow risk and interest rate risk), capital management risk, credit risk and liquidity risk. The financial risks relate to the following financial instruments: financial assets at fair value through profit or loss, cash and cash equivalents, trade and other payables and financial liabilities at fair value through profit or loss. The accounting policies with respect to these financial instruments are described in note 2. The Company's risk management policies employed to manage these risks are discussed below.

***(a) Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The potential risk of not being able to meet its financial liabilities is mitigated by the fact that the investment interest detailed in note 4 of are highly liquid and the repayment profile of the Certificates, the Company's main liabilities, have been matched to the liquidity profile of the investments which are publicly traded.

The financial liabilities at fair value through profit or loss have been recognised on the statement of financial position as non-current liabilities based on their expected maturity. However, the certificates can be redeemed early at the option of the certificate holders and have therefore been classified as current liabilities for the purposes of this note.

The following table details the Company's liquidity analysis for its financial assets and liabilities.

| **As at 31 December 2019** | **Up to 1 yr US$** | **1yr to 2 yrs US$** | **Over 2 yrs US$** | **Total US$** |
|---|---|---|---|---|
| ***Assets*** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 23,520 | - | - | 23,520 |
| Trade and other receivables | 28,204,113 | - | - | 28,204,113 |
| Other receivables | 95 | | | 95 |
| **Non-current assets** | | | | |
| **Investment portfolio** | | | | |
| Financial assets at FVTPL | - | 330,684,454 | - | 330,684,454 |
| | 28,227,728 | 330,684,454 | - | 358,912,182 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
**For the year ended 31 December 2019**

**10 FINANCIAL RISK MANAGEMENT (CONTINUED)**
**Liquidity Risk (continued)**

| As at 31 December 2019 | Up to 1 yr US$ | 1yr to 2 yrs US$ | Over 2 yrs US$ | Total US$ |
|---|---|---|---|---|
| ***Liabilities*** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 28,204,113 | - | - | 28,204,113 |
| **Non-current liabilities** | | | | |
| Financial liabilities at FVTPL | - | 330,684,454 | - | 330,684,454 |
| | 28,204,113 | 330,684,454 | - | 358,888,567 |
| **As at 31 December 2018** | | | | |
| ***Assets*** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 72,205 | - | - | 72,205 |
| Trade and other receivables | 10,123,785 | - | - | 10,123,785 |
| **Non-current assets** | | | | |
| **Investment portfolio** | | | | |
| Financial assets at FVTPL | - | 218,956,590 | - | 218,956,590 |
| | 10,195,990 | 218,956,590 | - | 229,152,580 |
| ***Liabilities*** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 10,123,785 | - | - | 10,123,785 |
| **Non-current liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | - | 218,956,590 | - | 218,956,590 |
| | 10,123,785 | 218,956,590 | - | 229,080,375 |

**(b) Capital management**
When managing capital the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and the Certificate holders.

The expenses of the Company are funded by a third party and the Company will issue further Certificates in order to fund further investments. Any capital requirements are known with some certainty and therefore no formal monitoring is considered necessary. There are no externally imposed capital requirements.

**(c) Credit risk**
Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company. Credit risk is the potential exposure of the Company to loss in the event of non-performance by the Underlying Investments, the counterparties to the investments. In turn the Company is exposed to a potential loss under the Certificates but this is mitigated by way of a charge over the Underlying Investments. The Directors consider that the Company is not exposed to any material net credit risk as the Certificates issued have limited recourse to the proceeds of the investments and hence, amounts due to the Certificate holders are limited to the amount received from the Underlying Investments.

The following table shows the Company's maximum exposure to credit risk:

| As at 31 December 2019 | Up to 1 yr US$ | 1yr to 2 yrs US$ | Over 2 yrs US$ | Total US$ |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | 23,520 | - | - | 23,520 |
| Trade and other receivables | 28,204,208 | - | - | 28,204,208 |
| **Non-current assets** | | | | |
| **Investment portfolio** | | | | |
| Financial assets at FVTPL | - | 330,684,454 | - | 330,684,454 |
| | 28,227,728 | 330,684,454 | - | 358,912,182 |
| **As at 31 December 2018** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 72,205 | - | - | 72,205 |
| Trade and other receivables | 10,123,785 | - | - | 10,123,785 |
| **Non-current assets** | | | | |
| **Investment portfolio** | | | | |
| Financial assets at FVTPL | - | 218,956,590 | - | 218,956,590 |
| | 10,195,990 | 218,956,590 | - | 229,152,580 |

The Company is subject to the ECL model on its financial assets that are carried at amortised cost. While cash and cash equivalents and receivables are also subject to the impairment requirements of IFRS 9, there were no identified impairment losses. The Subfund is also exposed to credit risk in relation to financial assets that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these financial assets. Due to the nature of the receivables and that they are not past due, there are no expected credit losses.

The fair value of the Subfund's financial assets and liabilities approximate their carrying amounts at the year end date.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**For the year ended 31 December 2019**

**9 FINANCIAL RISK MANAGEMENT - (CONTINUED)**

**(d) Market price risk**

The Company's exposure to market risk is comprised of the following risks:

**(i) Foreign exchange risk**

The Company is exposed to foreign exchange risk as some of the Company's transactions are in currencies other than US Dollars which is the Company's functional and presentational currency.

The sensitivity analyses below have been determined based on the exposure to GBP, EUR and SEK exchanges rate at the reporting date:

For GBP and EUR denominated financial assets and liabilities, the analysis is prepared assuming the amount of the asset outstanding at the reporting date was outstanding for the whole year. A 5% increase or decrease represents the Directors' assessment of a reasonably possible change in foreign exchange rates.

If the US$ strengthened by 5% against the GBP, SEK and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US$13,693,844 higher as a result of foreign exchange losses on translation of GBP, SEK and EUR denominated financial assets and liabilities.

If the US$ weakened by 5% against the GBP, SEK and EUR and all other variables held constant, the Company's comprehensive income for the year would have been US$13,693,844 lower as a result of foreign exchange gains on translation of GBP, SEK and EUR denominated financial assets and liabilities.

The following table shows the assets and liabilities of the Company which are denominated in a foreign currency:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 31/12/2019 US$ | 31/12/2018 US$ | 31/12/2019 US$ | 31/12/2018 US$ |
| EUR denominated | 239,268,342 | 90,389,122 | 239,268,342 | 90,389,121 |
| GBP denominated | 28,204,113 | 29,779,867 | 28,204,113 | 29,779,867 |
| SEK denominated | 6,404,414 | - | 6,404,414 | - |
| | 273,876,869 | 120,168,989 | 267,472,455 | 120,168,988 |

**(ii) Cash flow and fair value interest rate risk**

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company is not subject to interest rate risk on any of its liabilities.

**(iii) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer. Price risk is increased due to the leveraged nature of the investments however these are documented in the prospectus and the Certificate holders are aware of the risks.

The Company is exposed to market price risk arising from its Underlying Investments (see note 4 for the fair value of these investments). Any price risk to the Company is managed due to the limited recourse nature of the underlying Certificates as disclosed in note 8. Therefore the Directors do not believe the Company is subject to any price risk; though Certificate holders are exposed to price risk.

**(d) Market Risk**

**Fair value measurements recognised in the Statement of Financial Position**

IFRS 13 Fair Value measurement requires disclosure of fair value measurements to be categorised by Level. The Levels are split between three levels:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**For the year ended 31 December 2019**

**9 FINANCIAL RISK MANAGEMENT (CONTINUED)**
**(d) Market risk (continued)**

The Company's assets and liabilities were classified as follows:

All assets during the year are measured using fair values falling under levels 1, 2 and 3.

| **31 December 2019** | **Level 1 (US$)** | **Level 2 (US$)** | **Level 3 (US$)** |
|---|---|---|---|
| | 259,113,419 | 71,571,035 | - |
| **31 December 2018** | **Level 1 (US$)** | **Level 2 (US$)** | **Level 3 (US$)** |
| | 90,389,122 | 128,567,469 | - |

There were no transfers between Level 1, 2 and 3 during the year.

All liabilities during the year are measured using fair values falling under levels 1, 2 and 3.

| **31 December 2019** | **Level 1 (US$)** | **Level 2 (US$)** | **Level 3 (US$)** |
|---|---|---|---|
| | 259,113,419 | 71,571,035 | - |
| **31 December 2018** | **Level 1 (US$)** | **Level 2 (US$)** | **Level 3 (US$)** |
| | 90,389,122 | 128,567,469 | - |

The valuation of the majority of the underlying investments falls under level 2 fair value hierarchy. Although these investments are quoted, they are not actively traded. The fair values of quoted investments have been derived using observable market data.

**11 RELATED PARTY DISCLOSURES**

M Newton and S Conroy, Directors of the Company, are senior employees of Crestbridge Limited ("Crestbridge") who provide ongoing administrative services to the Company at normal commercial rates. During the year £466,962 (2018: £181,187) was due to Crestbridge in respect of services of which £110,977 (2018: nil) was outstanding at the year end. As these expenses are paid by a third party they have not been recognised in these financial statements.

Crestbridge is the affiliate leader of a group of companies of which includes Crestbridge Corporate Services Limited (administrator and company secretary to the Company), Crestbridge Fund Administrators Limited (Calculation Agent) and Crestbridge Corporate Trustees Limited (share trustee for the Company).

**12 SEGMENTAL REPORTING**

The Directors, who together are the Chief Operating Decision Makers, consider that the Company comprises of one operating segment and that it operates in the country of incorporation. The Company provides the Directors with the financial information that is on an aggregated level. As such, there is no segmental information to disclose.

**13 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY**

The Immediate Parent of the Company is The Oder Capital Charitable Trust, a trust formed in Jersey for charitable purposes. The Ultimate Controlling Party of the Company is Crestbridge Corporate Trustees Limited as Trustee of The Oder Capital Charitable Trust.

**14 EVENTS AFTER THE REPORTING YEAR**

During 2019, COVID-19 disease was first identified in Wuhan, China which has since spread globally resulting in the ongoing coronavirus pandemic. The Directors of the Company are of the opinion that it is not currently possible to determine the impact that the outbreak may have on general economic conditions globally and it is also not possible to determine the impact that any of the matters outlined above will have on the Company or any other party involved in transactions with the Company. Although there are uncertainties as explained above, the Directors are of the opinion that the Company activities maybe adversely affected by the pandemic.

On 7 February 2020, the Directors approved the Company to enter into a transaction to issue under the Programme, USD 500,000,000 Certificates linked to the shares of RAM (Cayman) Systematic DIVALPHA Limited an exempt company incorporated under the laws of the Cayman Islands. As at the signing of this report the Company had issued no Certificates.

On 17 February 2020, the Company issued under the Programme ("Series 23"), 3,000 Certificates under a USD 50,000,000,000 Certificates programme with the value of EUR 300,000,000 which are linked to an investment basket. As at the signing of this report the Company had sold no certificates.

On 17 February 2020, the Directors approved the issuance of a USD 50,000,000,000 Basket Linked Certificates programme ("Series 24"). As at the signing of this report the Company there were no certificates in issue.

During March 2020, under the ETP Programme the Company issued a further 15 new tracker Certificates to accommodate the market appetite for commodities, equities and indices. This resulted in the issuance of a further 17,400,000 certificates.