

Hawthorne Asset Management VCC

(Incorporated in Singapore. Registration Number: T20VC0097K)

Annual Report and Financial Statements

For the financial year ended 30 September 2024

Hawthorne Asset Management VCC

(incorporated in Singapore)

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Hawthorne Asset Management VCC

(incorporated in Singapore)

Company information

The Company	Hawthorne Asset Management VCC
Directors of the Company	Morgan Anthony John Fisher Stephen John
Registered office of the Company	68 Amoy Street #03-00 Singapore 069887
Manager	First Degree Global Asset Management Pte. Ltd. 68 Amoy Street #03-00 Singapore 069887
Administrator	ASCENT Fund Services (Singapore) Pte. Ltd. 8 Temasek Boulevard #34-03 Suntec Tower Three Singapore 038988
Broker	Swissquote Bank SA Office 34-01A One Raffles Quay Singapore 048583
	Interactive Brokers LLC One Pickwick Plaza Greenwich CT 06830 United States
	Velocity Trade Limited (Terminated w.e.f. 31 March 2024) 50 Pitt Street Level 10 Sydney, NSW
	Velocity Trade Pte. Ltd. (Appointed w.e.f. 31 March 2024) 144 Robinson Road #07-01 Robinson Square Singapore 068908
	Maybank Securities Pte. Ltd. 50 North Canal Road Singapore 059304
Banker	OCBC Bank 65 Chulia Street OCBC Centre Singapore 049513
Auditor	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936

Hawthorne Asset Management VCC

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Directors' statement for the financial year ended 30 September 2024

The directors of Hawthorne Asset Management VCC (the "Company") present their statement to the members together with the audited financial statements of the Company for the financial year ended 30 September 2024.

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2024 and the financial performance, changes in equity, changes in net assets attributable to holders of participating shares and cash flows of the Company for the financial year ended 30 September 2024; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Morgan Anthony John
Fisher Stephen John

Arrangements to enable directors to acquire shares and debentures

Except as disclosed under "Directors' interests in shares or debentures" in this statement, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of Directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in the shares in or debentures of the Company and its related corporations, except as follows:

Directors who holds interests in Shareholdings registered in the name of directors

	At beginning of financial year	Acquired	Disposed of	At end of financial year
<u>The Company</u>				
Morgan Anthony John				
- Management shares	20	-	-	20
<u>First Degree Global Asset Management Pte. Ltd.</u>				
Fisher Stephen John				
- Class A	1,620	-	(270)	1,350
- Class B	396,412	-	(66,068)	330,344
Morgan Anthony John				
- Class A	1,080	270	-	1,350
- Class B	264,275	66,068	-	330,343

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Directors’ statement for the financial year ended 30 September 2024 *(continued)*

Share options


There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.


There were no unissued shares of the Company under option at the end of the financial year.

Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.



Morgan Anthony John
Director
6 December 2024



Fisher Stephen John
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWTHORNE ASSET MANAGEMENT VCC

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Hawthorne Asset Management VCC (the "Company") are properly drawn up in accordance with the provisions of the Variable Capital Companies Act 2018 (the "Act") and IFRS Accounting Standards so as to give a true and fair view of the financial position of the Company as at 30 September 2024 and of the financial performance, changes in equity, changes in net assets attributable to holders of participating shares and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the Statement of Comprehensive Income of the Company for the financial year ended 30 September 2024;
- the Statement of Financial Position of the Company as at 30 September 2024;
- the Statement of Changes in Equity of the Company for the financial year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Participating Shares of the Company for the financial year then ended;
- the Statement of Cash Flows of the Company for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWTHORNE ASSET MANAGEMENT VCC

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRS Accounting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the financial reporting process of the Company.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HAWTHORNE ASSET MANAGEMENT VCC**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company has been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 December 2024

Hawthorne Asset Management VCC

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STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2024

	Note	30 September 2024 US\$	30 September 2023 US\$
Investment income/(loss)			
Net gains/(losses) on financial assets at fair value through profit or loss	5a	13,247,380	(1,550,939)
Foreign exchange gains on translation		219,722	10,876
Net losses on financial liabilities at fair value through profit or loss	7a	-	(1,394,307)
Dividend income		320,322	251,585
Interest income		83,754	252,613
Net investment income/(loss)		13,871,178	(2,430,172)
Operating expenses			
Management fee	10	(1,335,791)	(490,663)
Performance fee	10	86,972	(89,196)
Transaction expenses		(97,773)	(99,365)
Loans written off	6	(308,996)	-
Other operating expenses		(256,133)	(94,040)
Administration fee	9	(85,688)	(42,603)
Total operating expenses		(1,997,409)	(815,867)
Profit/(loss) for the financial year before tax		11,873,769	(3,246,039)
Withholding tax		(44,571)	(35,601)
Change in net assets attributable to holders of participating shares for the financial year		11,829,198	(3,281,640)

The accompanying notes form an integral part of these audited financial statements.

Hawthorne Asset Management VCC

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STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	30 September 2024 US\$	30 September 2023 US\$
Assets			
Cash and cash equivalents	3	3,513,230	3,763,247
Due from broker	4	5,603,101	7,866,840
Interest receivable		42,608	13,508
Dividend receivable		9,652	13,299
Financial assets at fair value through profit or loss	5	80,308,947	53,564,039
Loans receivable	6	-	600,205
Other receivables		20	20
Prepayments		3,245	12,173
Total assets		89,480,803	65,833,331
Equity			
Management shares	11	20	20
Total Equity		20	20
Liabilities			
Due to broker	4	1,473,655	1,102,141
Redemption payable		288,096	22,665
Administration fee payable	9	7,161	4,339
Management fee payable	10	125,681	86,107
Performance fee payable	10	-	89,806
Financial liabilities at fair value through profit or loss	7	-	686,230
Other payables and accruals		44,507	27,693
Subscriptions received in advance		137,520	133,150
Total liabilities (excluding net assets attributable to holders of participating shares)		2,076,620	2,152,131
Net assets attributable to holders of participating shares		87,404,163	63,681,180

The accompanying notes form an integral part of these audited financial statements.

Hawthorne Asset Management VCC

(incorporated in Singapore)

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

	Note	30 September 2024 US\$	30 September 2023 US\$
At the beginning/end of the financial year	11	<u>20</u>	<u>20</u>

The accompanying notes form an integral part of these audited financial statements.

Hawthorne Asset Management VCC

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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES

For the financial year ended 30 September 2024

	30 September 2024 US\$	30 September 2023 US\$
Net assets attributable to holders of participating shares at the beginning of the financial year	63,681,180	19,989,626
Issuance of participating shares during the financial year	26,177,117	48,849,311
Redemption of participating shares during the financial year	(14,283,332)	(1,876,117)
Changes in net assets attributable to holders of participating shares for the financial year	11,829,198	(3,281,640)
Net assets attributable to holders of participating shares at the end of the financial year	87,404,163	63,681,180

The accompanying notes form an integral part of these audited financial statements.

Hawthorne Asset Management VCC

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STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2024

	Note	30 September 2024 US\$	30 September 2023 US\$
Cash flows from operating activities			
Changes in net assets attributable to holders of participating shares for the financial year		11,829,198	(3,281,640)
Adjustment for:			
Dividend income		(320,322)	(251,585)
Interest income		(83,754)	(252,613)
Withholding taxes		44,571	35,601
Unrealised currency translation		144,491	(54,735)
Changes in operating assets and liabilities			
Decrease in due from broker		2,263,739	1,902,873
Increase in financial assets at fair value through profit or loss		(26,889,399)	(45,279,037)
Decrease/(increase) in prepayments		8,928	(24)
Increase in other receivables		-	(8,939)
Decrease/(increase) in loans receivable		600,205	(600,205)
Increase/(decrease) in due to broker		371,514	(1,904,369)
Increase in other payables and accruals		16,814	2,433
Increase in management fee payable		39,574	62,681
Increase/(decrease) in administration fee payable		2,822	(2,610)
(Decrease)/increase in financial liabilities at fair value through profit or loss		(686,230)	686,230
(Decrease)/increase in performance fee payable		(89,806)	89,806
Cash used in operating activities		(12,747,655)	(48,856,133)
Dividend received		279,398	202,685
Interest received		54,654	250,723
Net cash flows used in operating activities		(12,413,603)	(48,402,725)
Cash flows from financing activities			
Proceeds from issuance of participating shares		26,177,117	48,849,311
Payments on redemption of participating shares		(14,017,901)	(1,853,452)
Subscription received in advance		4,370	133,150
Net cash flows provided by financing activities		12,163,586	47,129,009
Net decrease in cash and cash equivalents for the financial year		(250,017)	(1,273,716)
Cash and cash equivalents at the beginning of the financial year		3,763,247	5,036,963
Cash and cash equivalents at the end of the financial year	3	3,513,230	3,763,247

The accompanying notes form an integral part of these audited financial statements.

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024

1. General information

Hawthorne Asset Management VCC (the “Company”), whose registered office is located at 68 Amoy Street, #03-00, Singapore 069887, is a variable capital company incorporated with limited liability under the provisions of the Variable Capital Companies Act of Singapore, as amended.

The Company is structured as a standalone fund as an investment company with variable capital.

The investment objective of the Company is to achieve an attractive risk-adjusted return for the holders of participating shares based on the investments in a balanced multi-asset portfolio that provides a strategic, long-term exposure to major asset classes, while enhancing returns and controlling risk through an opportunistic short-term overlay.

The investment activities of the Company are managed by First Degree Global Asset Management Pte. Ltd. (the “Manager”), which holds a Capital Markets Services License for Fund Management issued by the Monetary Authority of Singapore (“MAS”).

The administration of the Company is delegated to ASCENT Fund Services (Singapore) Pte. Ltd. (the “Administrator”) (2023: Bolder Fund Services (Singapore) Pte. Ltd.).

2. Material accounting policy information

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company’s accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Standards, interpretations and amendments to published standards that are not yet effective

A number of new standards, interpretations and amendments to published standards have been issued to date and are not yet effective for the financial statements of the Company for the financial year ended 30 September 2024, and have not been applied nor early adopted in preparing these financial statements.

The Directors anticipate that the adoption of the new standards, interpretations and amendments that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements in the year of initial application.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollar (“US\$”), which is the Company’s functional currency. The Company considers US\$ as the currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions.

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

2. Material accounting policy information (*continued*)

2.4 Financial instruments

(i) Classification

In accordance with IFRS 9 Financial Instruments (“IFRS 9”), the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity’s business model for managing the financial asset;
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables.

Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

2. Material accounting policy information (*continued*)

2.4 Financial instruments (*continued*)

(i) Classification (*continued*)

The Company's investment portfolio is managed, and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Consequently, all investments are measured at fair value through profit or loss.

Financial liabilities

Financial liabilities measured at fair value through profit or loss

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading.

The Company may make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category short-term payables.

As such, the Company classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Company's policy requires the Directors and Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains or losses arising from changes in fair value of the financial assets or liabilities are recorded in the Statement of Comprehensive Income.

(iii) Measurement and fair value measurement principles

Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

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Notes to the financial statements for the financial year ended 30 September 2024 *(continued)*

2. Material accounting policy information *(continued)*

2.4 Financial instruments *(continued)*

(iii) Measurement and fair value measurement principles (continued)

Subsequent measurement

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are remeasured at fair value. Subsequent changes in the fair value of those financial instruments are recorded in “Net gains/(losses) on financial assets/liabilities at fair value through profit or loss” in the Statement of Comprehensive Income.

Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the Statement of Comprehensive Income.

Financial assets, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities that are not at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Fair value measurement principles

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives, trading securities and exchange-traded funds) are based on the last traded price at the close of trading on the reporting date where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company will determine the point within the bid-ask spread that is most representative of fair value.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company 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 Company 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

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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Notes to the financial statements for the financial year ended 30 September 2024 *(continued)*

2. Material accounting policy information *(continued)*

2.4 Financial instruments *(continued)*

(iv) Derecognition (continued)

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts reported in the Statement of Financial Position, when a current legally enforceable right to offset the recognised amounts exists and there is intent to settle on a net basis or to settle the asset and the liability simultaneously.

(vi) Impairment

Financial assets that are measured at amortised cost are reviewed at each reporting date.

For cash and cash equivalents, due from broker, loans receivable, interest receivable, dividend receivable and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or if the credit rating of the counterparty deteriorates to below investment grade. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.5 Derivative financial instruments

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets or dealers' quotes for over-the-counter derivative instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statement of Comprehensive Income.

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

2. Material accounting policy information (*continued*)

2.6 Interest income and interest expense

Interest income and interest expense are recognised in the Statement of Comprehensive Income as they accrue, using the historical effective interest rate of the asset. Interest income includes the amortisation of any discount or premium, transaction costs (in the case of financial instruments other than those classified at fair value through profit or loss) or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

2.7 Dividend income and dividend expense

Dividend income relating to exchange-traded equity securities and dividend expense relating to exchange-traded equity securities sold short are recognised in the Statement of Comprehensive Income on the ex-dividend date. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

2.8 Foreign currency translation

Transactions and balances

Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US\$, the functional currency, at the foreign currency closing exchange rate prevailing at the reporting date. Non-monetary items that are measured at fair value in a foreign currency shall be translated to US\$ at the foreign currency exchange rates prevailing at the dates that the values were determined. Non-monetary items that are carried at historical cost in a foreign currency shall be translated to US\$ using the exchange rates as at the dates of the initial transactions.

Resulting exchange differences on the financial asset at fair value through profit or loss in foreign currencies are recorded in the Statement of Comprehensive Income as part of the “Net gains/(losses) on financial assets at fair value through profit or loss”. Realised and unrealised exchange differences on other assets and liabilities are also recorded in the Statement of Comprehensive Income and disclosed within “Foreign exchange gains/(losses) on translation”.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, net of bank overdrafts. Cash equivalents are short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

2.10 Due from and due to broker

Balances due from broker consist of cash balances held with the brokers at the Statement of Financial Position date and may also include amounts receivable for securities transactions that have not been settled at the reporting date. Balances due to broker represent payables for securities transactions that have been contracted for but not yet settled or delivered on the Statement of Financial Position date.

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Notes to the financial statements for the financial year ended 30 September 2024 *(continued)*

2. Material accounting policy information *(continued)*

2.11 Participating shares

All participating shares issued by the Company provide shareholders with the right to require redemption for cash at the value proportionate to the shareholders' share in the Company's net assets at the redemption date. In accordance with IAS 32 Financial Instruments: Presentation ("IAS 32"), such instruments meet the definition of puttable instruments. A puttable instrument may be classified as a financial liability or an equity instrument depending on its features.

The redeemable participating shares do not meet the criteria of an equity instrument under IAS 32 and are classified as a financial liability.

The liability to participating shareholders is presented in the Statement of Financial Position as "Net assets attributable to holders of participating shares" and is determined based on the residual assets of the Company after deducting all other liabilities. The prices at which redeemable participating shares may be issued or redeemed are calculated by reference to the Company's net asset value ("NAV") calculated daily in accordance with the Company's Information Memorandum (the "Memorandum").

2.12 Management shares

The management shares issued by Company provide the holders with the right to vote and attend the general meeting of the Company. The holders will also have the right to the copy of the financial statements.

The management shares are redeemable at the option of the Company in accordance with the Constitution as set out in the Offering Documents. The management shares are not entitled to any share of the profits of the Company or any proceeds of realisation of the assets of the Company. The holder will only be entitled to the return of the capital paid up on the liquidation of the Company.

2.13 Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

2.14 Taxation

Under the section 130 Tax Exemption Scheme, specified income derived by an approved company in respect of designated investments is exempted from tax in Singapore.

The Company has been approved for admission under the Tax Exemption Scheme for Resident Funds contained in Section 130 of the Income Tax Act of Singapore (the "Exemption Regime"). Under the terms of the Exemption Regime, certain income (specified income) from particular investments (designated investments) is exempted from taxation in Singapore, subject to the Company complying with the terms of the Exemption Regime.

Dividend income, interest received and capital gains may be subject to non-recoverable withholding tax in the country of origin.

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

2. Material accounting policy information (continued)

2.15 Other payables and accruals

Other payables and accruals represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year, or in the normal operating cycle of the business if longer. Otherwise, they are presented as non-current liabilities.

Other payables and accruals are recognised initially at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

3. Cash and cash equivalents

As at 30 September 2024, cash and cash equivalents amounted to US\$3,513,230 (2023: US\$3,763,247) include bank overdraft of US\$2,702 (2023:Nil). As of 30 September 2024, no restrictions in the use of cash and cash equivalent exist.

4. Due from/(to) broker

The amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. The due from brokers balance is held for collection. These amounts are recognised initially at fair value and subsequently measured at amortised cost. As at 30 September 2024, balances due from broker and due to broker, consist of the following:

	30 September 2024 US\$	30 September 2023 US\$
<i>Due from broker</i>		
Maybank Securities Pte. Ltd	2,971,895	-
Velocity Trade Limited	-	2,425,511
Velocity Trade Pte. Ltd.	2,410,000	-
Interactive Brokers LLC	221,206	5,441,329
	5,603,101	7,866,840
<i>Due to broker</i>		
Maybank Securities Pte. Ltd	1,473,655	-
Interactive Brokers LLC	-	1,102,141
	1,473,655	1,102,141

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

5. Financial assets at fair value through profit or loss

For the financial years ended 30 September 2024 and 30 September 2023, financial assets at fair value through profit or loss consist of the following:

	30 September 2024 US\$	30 September 2023 US\$
<i>Financial assets at fair value through profit or loss</i>		
Investments in exchange-traded funds	72,475,900	32,580,638
Investments in mutual funds	6,340,320	20,983,401
Investments in future contracts (Note 8)	255,209	-
Investments in foreign exchange forwards (Note 8)	1,237,518	-
Total financial assets at fair value through profit or loss	80,308,947	53,564,039

For all of the Company's financial assets not carried at fair value, disclosure of fair value is not required as the carrying amount is a reasonable approximation of fair value.

5a Net gains/(losses) on financial assets at fair value through profit or loss

For the financial years ended 30 September 2024 and 30 September 2023, net gains/(losses) on financial assets at fair value through profit or loss consist of the following:

	30 September 2024 US\$	30 September 2023 US\$
<i>Realised gains/(losses) arising from:</i>		
Investments in exchange-traded funds	5,917,314	(1,277,778)
Investments in mutual funds	598,037	-
Investments in money market funds	1,567	-
Investments in foreign exchange spots	(464,953)	-
Investments in foreign exchange forwards	2,468,475	-
Investments in future contracts	(402,899)	-
	<u>8,117,541</u>	<u>(1,277,778)</u>
<i>Unrealised gains/(losses) arising from:</i>		
Investments in exchange-traded funds	2,838,286	(131,033)
Investments in mutual funds	112,596	(142,128)
Investments in foreign exchange spots	23	-
Investments in foreign exchange forwards	1,923,725	-
Investments in future contracts	255,209	-
	<u>5,129,839</u>	<u>(273,161)</u>
Net gains/(losses) on financial assets at fair value through profit or loss	13,247,380	(1,550,939)

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

6. Loans receivable

During the financial year ended 30 September 2023, two loans of US\$87,835 and US\$512,370 which matured on 7 October 2025 and 25 January 2026 respectively were made to a Singapore entity (the "Borrower"). The loan is only interest bearing if the Borrower defaults on the loan amount by the loan repayment date, the penalty interest on the loan is 10% per annum. The tenure of the loans is 3 years, and on each anniversary of the drawdown dates, the obligation of the Borrower to repay the outstanding loan amount is adjusted based on the terms on the loan agreement.

During the financial year ended 30 September 2024, the Borrower has met the terms stated in the loan agreement. As a result, the loan amount to be repaid has been written off by 50% and the Borrower has fully repaid the remaining outstanding loan amount during the financial year.

7. Financial liabilities at fair value through profit or loss

For the financial years ended 30 September 2024 and 30 September 2023, financial liabilities at fair value through profit or loss consist of the following:

	30 September 2024 US\$	30 September 2023 US\$
<i>Financial liabilities at fair value through profit or loss</i>		
Investments in foreign exchange spots (Note 8)	-	(23)
Investments in foreign exchange forwards (Note 8)	-	(686,207)
Total financial liabilities at fair value through profit or loss	-	(686,230)

For all of the Company's financial liabilities not carried at fair value, disclosure of fair value is not required as the carrying amount is a reasonable approximation of fair value.

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

7a Net losses on financial liabilities at fair value through profit or loss

For the financial years ended 30 September 2024 and 30 September 2023, net losses on financial liabilities at fair value through profit or loss consist of the following:

	30 September 2024 US\$	30 September 2023 US\$
<i>Realised (losses)/gains arising from:</i>		
Foreign exchange spots	-	190,978
Foreign exchange forwards	-	(899,055)
	-	(708,077)
<i>Unrealised (losses)/gains arising from:</i>		
Foreign exchange spots	-	(23)
Foreign exchange forwards	-	(686,207)
	-	(686,230)
Net losses on financial liabilities at fair value through profit or loss	-	(1,394,307)

8. Derivative financial instruments

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Upon entering into a futures contract, the Company is required to deposit with a broker an initial cash margin equal to a certain percentage of the contract amount. Variation margin payments are made or received by the Company depending upon the fluctuation in the value of the underlying securities. The changes in contract values are recorded as net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

Forward foreign currency contracts

In a forward foreign currency contract, the Company agrees to receive or deliver a fixed quantity of one currency for another, at a pre-determined price at a future date. Purchases and sales of forward foreign currency contracts having the same notional value, settlement date and counterparty and right to settle net are generally offset (which result in a net foreign currency position of zero with the counterparty) and any realised gains or losses are recognised on trade date.

The fair value of forward foreign currency contracts is based on the price at which a new forward foreign currency contract of the same notional value, currency and maturity could be affected at the close of business in the principal currency markets in which these currencies are traded.

The table below shows the details of the futures and forward currency contracts held by the Company as at the Statement of Financial Position date.

30 September 2024

	Contract Notional Amount US\$	Fair Value	
		Asset US\$	Liability US\$
Fair value hedge			
Futures	11,241,054	255,209	-
Foreign exchange forwards	74,298,916	1,237,865	(347)
Total	85,539,970	1,493,074	(347)

Hawthorne Asset Management VCC

(incorporated in Singapore)

Notes to the financial statements for the financial year ended 30 September 2024 (continued)

8. Derivative financial instruments (continued)

30 September 2023

	Contract Notional Amount US\$	Fair Value	
		Asset US\$	Liability US\$
Fair value hedge			
Foreign exchange spots	170,817	4	(27)
Foreign exchange forwards	57,179,323	4,699	(690,906)
Total	57,350,140	4,703	(690,933)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the Statement of Financial Position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Fund's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The Company's exposure to liquidity risk relating to derivative financial instruments is disclosed in Note 14(c).

9. Administration fee

The Company has appointed the Administrator pursuant to the administration agreement.

Pursuant to fund administration agreement dated 12 September 2023, ASCENT Fund Services (Singapore) Pte. Ltd. has been appointed as the new administrator for the Company. Prior to that, Bolder Fund Services (Singapore) Pte. Ltd. was the administrator of the Company.

The Administrator charges a maximum administration fee of 0.10% per annum of the NAV of the Company on assets up to US\$100 million. The Company's administration fee is subject to a minimum fee of US\$4,500 per month (US\$54,000 per annum). The administration fee is calculated daily and payable at the relevant annual basis point levels on the net assets.

The Administrator also provides the following services, and charges fees as agreed from time to time.

Financial statements preparation and audit liaison

The Administrator is entitled to charge for the preparation of the draft financial statements and coordinating the audit process for the Company.

Registrar and transfer agency

For the provision of registrar and transfer agency services, the Administrator is entitled to charge a transaction fee per investor transaction for the Company.

Total administration fee for the financial year ended 30 September 2024 amounted to US\$85,688 (2023: US\$42,603), of which US\$7,161 (2023: US\$4,339) was payable as at 30 September 2024.

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

10. Management fee and performance fee

The Company has appointed the Manager pursuant to the management agreement. The Manager was incorporated in Singapore and operates as a licensed fund management company.

The Manager is responsible for the management of the investment of the assets of the Company in accordance with the investment objective.

Management fee

Pursuant to the Memorandum, the Company pays the Manager an annual management fee equal to the aggregate of (a) and (b):

- (a) The greater of
 - (i) US\$70,000; or
 - (ii) the aggregate of
 - 0.20% of the first US\$100,000,000 in NAV of the Company; and
 - 0.15% of the NAV thereafter; and
- (b) The aggregate of:
 - (i) In respect of A Class Shares, 1.75% of the NAV of each such share;
 - (ii) In respect of B Class Shares, 1.75% of the NAV of each such share;
 - (iii) In respect of C Class Shares, 1.40% of the NAV of each such share;
 - (iv) In respect of I Class Shares, 1.90% of the NAV of each such share;
 - (v) In respect of N Class Shares, 1.15% of the NAV of each such share; and
 - (vi) In respect of P Class Shares, 1.15% of the NAV of each such share,
 each after the pro-rated deduction of the management fee referred to in sub-paragraph (a) above.

Such fee is calculated daily and payable monthly in arrears after the last valuation day of each calendar month.

The amounts in respect of management fee charged during the financial year and outstanding at the reporting date are disclosed in the Statement of Comprehensive Income and the Statement of Financial Position, respectively.

Total management fee for the financial year ended 30 September 2024 amounted to US\$1,335,791 (2023: US\$490,663), of which US\$125,681 (2023: US\$86,107) was payable as at 30 September 2024.

Performance fee

The Company pays the Manager performance fee in respect of participating shares of a series class outstanding on each valuation date equal to 20% of the excess return in the NAV per share above the benchmark hurdle multiplied by the number of participating shares in issue of relevant series of each class as of the end of the reporting period. The performance fee is subject to a benchmark hurdle limitation, which means the appreciation in the NAV per share upon which the calculation of the performance fee is based represents the increase in the NAV of the relevant series of shares from the prior performance fee period or the subscription price of the relevant series of shares at the date of issue. The benchmark hurdle is applied from the date of issuance of the relevant class of participating shares, and is calculated by using 70% of a global equities index (iShares MSCI ACWI UCITS ETF) and 30% of a global debt index (iShares Core Global Aggregate Bond UCITS ETF). The performance fee is accrued daily and payable semi-annually on 30 June or 31 December, or upon redemption.

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 *(continued)*

10. Management fee and performance fee *(continued)*

Performance fee (continued)

In respect of each performance class share for each subsequent performance period for that share, if:

- (a) The performance period excess return for the share for the period is positive; and
- (b) The performance period cumulative excess return for the share is positive,

the Manager will be entitled to a performance fee from the Company in respect of that share for the period equal to the aggregate of the performance period fee provision for the subject performance period and all prior performance periods since the prior performance fee period.

The total reversal of performance fee for the financial year ended 30 September 2024 amounted to US\$86,972 (2023: total performance fee expense amounted to US\$89,196), of which US\$ Nil (2023: US\$89,806) was payable as at 30 September 2024.

11. Management Shares

The Company has issued 20 management shares (2023: 20) as at 30 September 2024.

The management shares carry the rights of receiving notice of, attending at and voting at any general meeting of the Company, and do not entitle the holder thereof to any dividend and on a winding up entitle the holder thereof to receive the consideration paid thereof but do not otherwise entitle the holder to participate in the assets of the Company. The Company has issued 20 management shares of US\$1.00 each in total to Morgan Anthony John, one of the directors of the Company.

12. Participating Shares

The Company is structured as a variable capital company and may comprise one or more classes or series of participating shares.

Participating shares do not entitle the holders to receive notice, attend and vote at general meetings of the Company. The participating shares have the right to participate equally in the net profits of the Company.

Participating shares are redeemable on any business day of each calendar month.

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

12. Participating Shares (continued)

Movement in the Company's participating shares for the financial years ended 30 September 2024 and 30 September 2023 was as follows:

30 September 2024	Shares at the beginning of the financial year	Shares issued	Shares redeemed	Switch in/(out)	Shares at the end of the financial year
AUD Class A Multi-Asset Share Hedged	2,806	3,075	(205)	-	5,676
AUD Class C Multi-Asset Share Hedged	1,363	782	(10)	-	2,135
EUR Class A Multi-Asset Share Hedged	2,996	1,312	(1,162)	-	3,146
EUR Class C Multi-Asset Share Hedged	2,422	206	(517)	-	2,111
EUR Class P Multi-Asset Share Hedged	105	-	-	-	105
GBP Class A Multi-Asset Share Hedged	7,547	4,855	(1,100)	-	11,302
GBP Class C Multi-Asset Share Hedged	7,435	2,418	(816)	-	9,037
GBP Class N Multi-Asset Share Hedged	-	11	-	-	11
GBP Class P Multi-Asset Share Hedged	3,476	49	(144)	-	3,381
SGD Class A Multi-Asset Share Hedged	13,620	5,165	(2,797)	-	15,988
SGD Class C Multi-Asset Share Hedged	20,492	7,812	(7,434)	-	20,870
SGD Class I Multi-Asset Share Hedged	-	10	-	-	10
USD Class A Multi-Asset Share Hedged	4,168	1,983	(312)	-	5,839
USD Class C Multi-Asset Share Hedged	4,825	435	(1,254)	-	4,006
USD Class I Multi-Asset Share Hedged	-	10	-	-	10
	71,255	28,123	(15,751)	-	83,627

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

12. Participating Shares (continued)

Movement in the Company's participating shares for the financial years ended 30 September 2024 and 30 September 2023 was as follows: (continued)

30 September 2023	Shares at the beginning of the financial year	Shares issued	Shares redeemed	Switch in/(out)	Shares at the end of the financial year
Continuous Class EUR	1,048	69	-	(1,117)	-
Continuous Class GBP	2,185	532	(125)	(2,592)	-
Continuous Class SGD	22,210	2,134	(440)	(23,904)	-
Continuous Class USD	4,539	88	(13)	(4,614)	-
AUD Class C Multi-Asset Share Hedged	-	1,363	-	-	1,363
AUD Class A Multi-Asset Share Hedged	-	2,806	-	-	2,806
EUR Class C Multi-Asset Share Hedged	-	1,472	-	950	2,422
EUR Class A Multi-Asset Share Hedged	-	2,996	-	-	2,996
EUR Class P Multi-Asset Share Hedged	-	105	-	-	105
GBP Class C Multi-Asset Share Hedged	-	5,230	-	2,205	7,435
GBP Class A Multi-Asset Share Hedged	-	7,690	(143)	-	7,547
GBP Class P Multi-Asset Share Hedged	-	3,478	(2)	-	3,476
SGD Class A Multi-Asset Share Hedged	-	14,156	(536)	-	13,620
SGD Class C Multi-Asset Share Hedged	-	3,507	(1,164)	18,149	20,492
USD Class C Multi-Asset Share Hedged	-	1,374	(45)	3,496	4,825
USD Class A Multi-Asset Share Hedged	-	4,168	-	-	4,168
	29,982	51,168	(2,468)	(7,427)	71,255

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

13. NAV per Share

The following schedule shows the reconciliation between the NAV determined in accordance with the Memorandum and the NAV determined in accordance with the IFRS Accounting Standards.

The Memorandum states that the set-up costs should be amortised in 60 months. IAS 38 Intangible Assets ("IAS 38") states that set-up costs should be expensed immediately.

	30 September 2024 US\$	30 September 2023 US\$
Net assets attributable to holders of participating shares in accordance with the Memorandum	87,417,842	63,705,156
Adjustment		
Unamortised set-up costs	(13,679)	(23,976)
Net assets attributable to holders of participating shares in accordance with the IFRS Accounting Standards	87,404,163	63,681,180

Numbers of outstanding participating shares

	30 September 2024	30 September 2023
AUD Class A Multi-Asset Share Hedged	5,676	2,806
AUD Class C Multi-Asset Share Hedged	2,135	1,363
EUR Class A Multi-Asset Share Hedged	3,146	2,996
EUR Class C Multi-Asset Share Hedged	2,111	2,422
EUR Class P Multi-Asset Share Hedged	105	105
GBP Class A Multi-Asset Share Hedged	11,302	7,547
GBP Class C Multi-Asset Share Hedged	9,037	7,435
GBP Class N Multi-Asset Share Hedged	11	-
GBP Class P Multi-Asset Share Hedged	3,381	3,476
SGD Class A Multi-Asset Share Hedged	15,988	13,620
SGD Class C Multi-Asset Share Hedged	20,870	20,492
SGD Class I Multi-Asset Share Hedged	10	-
USD Class A Multi-Asset Share Hedged	5,839	4,168
USD Class C Multi-Asset Share Hedged	4,006	4,825
USD Class I Multi-Asset Share Hedged	10	-

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

13. NAV per Share (continued)

30 September 2024

Share class	NAV per participating share in accordance with the Memorandum US\$	Unamortised incorporation costs US\$	NAV per participating share in accordance with the IFRS Accounting Standards US\$
AUD Class A Multi-Asset Share Hedged	760.93	(0.12)	760.81
AUD Class C Multi-Asset Share Hedged	765.85	(0.12)	765.73
EUR Class A Multi-Asset Share Hedged	1,159.24	(0.18)	1,159.06
EUR Class C Multi-Asset Share Hedged	1,170.93	(0.18)	1,170.75
EUR Class P Multi-Asset Share Hedged	1,191.11	(0.18)	1,190.93
GBP Class A Multi-Asset Share Hedged	1,408.25	(0.22)	1,408.03
GBP Class C Multi-Asset Share Hedged	1,433.00	(0.22)	1,432.78
GBP Class N Multi-Asset Share Hedged	1,360.25	(0.19)	1,360.06
GBP Class P Multi-Asset Share Hedged	1,455.63	(0.23)	1,455.40
SGD Class A Multi-Asset Share Hedged	827.20	(0.13)	827.07
SGD Class C Multi-Asset Share Hedged	834.99	(0.13)	834.86
SGD Class I Multi-Asset Share Hedged	791.10	(0.10)	791.00
USD Class A Multi-Asset Share Hedged	1,089.18	(0.17)	1,089.01
USD Class C Multi-Asset Share Hedged	1,095.24	(0.17)	1,095.07
USD Class I Multi-Asset Share Hedged	1,021.20	(0.20)	1,021.00

30 September 2023

Share class	NAV per participating share in accordance with the Memorandum US\$	Unamortised incorporation costs US\$	NAV per participating share in accordance with the IFRS Accounting Standards US\$
AUD Class C Multi-Asset Share Hedged	649.73	(0.25)	649.48
AUD Class A Multi-Asset Share Hedged	652.69	(0.24)	652.45
EUR Class C Multi-Asset Share Hedged	1,015.96	(0.38)	1,015.58
EUR Class A Multi-Asset Share Hedged	1,024.05	(0.39)	1,023.66
EUR Class P Multi-Asset Share Hedged	1,036.08	(0.39)	1,035.69
GBP Class C Multi-Asset Share Hedged	1,171.78	(0.44)	1,171.34
GBP Class A Multi-Asset Share Hedged	1,189.09	(0.45)	1,188.64
GBP Class P Multi-Asset Share Hedged	1,199.10	(0.45)	1,198.65
SGD Class A Multi-Asset Share Hedged	719.17	(0.27)	718.90
SGD Class C Multi-Asset Share Hedged	724.44	(0.28)	724.16
USD Class C Multi-Asset Share Hedged	984.58	(0.37)	984.21
USD Class A Multi-Asset Share Hedged	987.25	(0.37)	986.88

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

14. Financial instrument disclosures and associated risks

The Manager is responsible for the management of the investment of the assets of the Company in accordance with the investment objectives and policies described in the Memorandum.

The Company's activities exposed it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of financial assets or liabilities will fluctuate because of changes in, amongst other things, foreign exchange rates, interest rates and other prices. The approach to the management of market risk is driven by the investment objective of the Company.

In order to manage the market risk, the Manager may apply short-term trades as an investment strategy.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Price risk arises from investments held by the Company for which prices in the future are uncertain.

The Manager seeks to minimise price risk by constructing a diversified portfolio of financial instruments traded on various markets. In addition, price risk may be hedged using derivative products such as futures.

The Company's diversification of financial assets at fair value through profit or loss (excluding derivatives) represented by geographic location as at 30 September 2024 and 30 September 2023 are as follows:

	2024		2023	
	Fair Value US\$	% of NAV	Fair Value US\$	% of NAV
Financial assets at fair value through profit or loss (excluding derivatives)				
Geographic location				
Ireland	67,907,578	77.69%	23,188,988	36.41%
Luxembourg	9,929,798	11.36%	20,983,401	32.95%
United States	-	0.00%	7,887,408	12.39%
Germany	978,844	1.12%	1,504,242	2.36%
Total	78,816,220	90.17%	53,564,039	84.11%

Hawthorne Asset Management VCC

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

14. Financial instrument disclosures and associated risks (continued)

(a) Market risk (continued)

Market price risk (continued)

The table below details the sensitivity of the Company's financial assets to a reasonable possible increase of 5% at 30 September 2024 and 30 September 2023:

	2024		2023	
	Fair Value US\$	% of NAV	Fair Value US\$	% of NAV
Financial assets at fair value through profit or loss (excluding derivatives)				
Geographic location				
Ireland	3,395,379	3.88%	1,159,449	1.82%
Luxembourg	496,490	0.57%	1,049,170	1.65%
United States	-	0.00%	394,370	0.62%
Germany	48,942	0.06%	75,212	0.12%
Total	3,940,811	4.51%	2,678,201	4.21%

A 5% decrease of the Company's financial assets in each geographic location would have resulted in an equal but opposite effect, on the basis that all other variables remain constant.

Concentration of market risk

At the reporting date, the Company held the following positions which exceeded 5% of the NAV:

	2024	2023
	% of NAV	% of NAV
iShares Edge S&P 500 Minimum Volatility UCITS ETF	6.78%	-
iShares S&P 500 Equal Weight UCITS ETF	6.89%	-
SPDR S&P 500 UCITS ETF	6.03%	-
Lumyna Funds - Lumyna - Bofa Mlcv Commodity Alpha UCITS Fund	7.25%	-
iShares Edge MSCI World Value Factor UCITS ETF	-	14.71%
L&G Multi-Strategy Enhanced Commodities UCITS ETF	-	8.80%
SPDR S&P 500 ETF Trust	-	8.06%
Vanguard S&P 500 UCITS ETF	-	6.41%
Lumyna Funds - Lumyna - Bofa Mlcv Commodity Alpha UCITS Fund	-	27.65%
Lumyna - Merrill Lynch MLCX Commodity Enhanced Beta UCITS Fund	-	5.30%

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

14. Financial instrument disclosures and associated risks (*continued*)

(a) Market 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 Company has no significant interest-bearing financial instruments except for cash and cash equivalents and the amount due from broker, which are subject to normal market related short-term interest rates. Therefore, the Company is not exposed to significant interest rate risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than US\$.

The Manager seeks to minimise currency risk by entering into currency hedging positions to minimise the difference between the performance of the NAV of the series and the NAV of the series denominated in the base currency of the same class.

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14. Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

Currency risk *(continued)*

The Company's exposure to foreign exchange movements as at 30 September 2024 and 30 September 2023 are as follows:

30 September 2024

	Cash and cash equivalents US\$	Due from broker US\$	Financial assets at fair value through profit or loss US\$	Interest receivable US\$	Redemption payable US\$	Subscriptions received in advance US\$	Other payables and accruals US\$	Total US\$	% of NAV
Swiss franc	(2,702)	-	-	-	-	-	-	(2,702)	0.00%
Euro	7,734	830,325	5,562,538	202	-	-	-	6,400,799	7.32%
Pound sterling	1,360	13,098	3,904,086	2,797	-	-	-	3,921,341	4.49%
Singapore dollar	413,750	402	-	-	(274,778)	(137,520)	(2,332)	(478)	0.00%
Australian dollar	2,556	-	-	-	-	-	-	2,556	0.00%

30 September 2023

	Cash and cash equivalents US\$	Due from broker US\$	Financial assets at fair value through profit or loss US\$	Interest receivable US\$	Loans receivable US\$	Redemption payable US\$	Subscriptions received in advance US\$	Other payables and accruals US\$	Performance fee payable US\$	Total US\$	% of NAV
Swiss franc	5,493	33	-	-	-	-	-	-	-	5,526	0.01%
Euro	10,102	366,497	1,504,242	861	-	-	-	-	(236)	1,881,466	2.95%
Pound sterling	261	-	-	-	-	-	-	-	(45,517)	(45,256)	(0.07%)
Singapore dollar	23,912	126,520	-	53	600,205	(22,665)	-	(2,028)	(20,758)	705,239	1.11%
Australian dollar	134,245	-	-	-	-	-	(133,150)	-	(19,201)	(18,106)	(0.03%)

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14. Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

Currency risk (continued)

At 30 September 2024 and 30 September 2023, had the US\$ strengthened by the respective percentages stated in the tables below in relation to all other currencies, with all other variables held constant, the NAV would have decreased/(increased) by the amounts shown below.

30 September 2024	Reasonable possible shift	Fair value US\$	% of NAV
Currency			
Swiss franc	8%	(216)	(0.00%)
Euro	5%	320,040	0.37%
Pound sterling	10%	392,134	0.45%
Singapore dollar	5%	(29)	(0.00%)
Australian dollar	7%	179	0.00%
30 September 2023	Reasonable possible shift	Fair value US\$	% of NAV
Currency			
Swiss franc	9%	497	0.00%
Euro	7%	131,703	0.21%
Pound sterling	6%	(2,715)	(0.00%)
Singapore dollar	4%	28,210	0.04%
Australian dollar	3%	(543)	(0.00%)

A weakening of the US\$ by the respective percentages stated in the tables above against the above currencies would have resulted in an equal but opposite effect.

The effect on the NAV is calculated based on a reasonable possible change in foreign exchange rates at the reporting date.

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

14. Financial instrument disclosures and associated risks (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date.

At 30 September 2024 and 30 September 2023, the Company's financial assets exposed to credit risk amounted to the following, and financial assets are classified into credit risk classes as follows:

30 September 2024	High quality US\$	Average quality US\$	Low quality US\$	No rating US\$	Total US\$
Cash and cash equivalents	3,503,212	-	-	10,018	3,513,230
Due from broker	3,193,101	-	-	2,410,000	5,603,101
Interest receivable	42,608	-	-	-	42,608
Other receivables	-	-	-	20	20
Dividend receivable	9,652	-	-	-	9,652
Total	6,748,573	-	-	2,420,038	9,168,611
30 September 2023	High quality US\$	Average quality US\$	Low quality US\$	No rating US\$	Total US\$
Cash and cash equivalents	1,407,924	-	-	2,355,323	3,763,247
Due from broker	5,441,329	-	-	2,425,511	7,866,840
Interest receivable	13,508	-	-	-	13,508
Other receivables	-	-	-	20	20
Dividend receivable	13,299	-	-	-	13,299
Loans receivable	-	-	-	600,205	600,205
Total	6,876,060	-	-	5,381,059	12,257,119

The high quality, average quality and low quality credit risk classes are made up of the following credit ratings:

	Standard & Poor's*
High quality	AAA – BBB-
Average quality	BB+ – BB-
Low quality	B+ – B-

*The credit ratings relate to Standard & Poor's ratings of the entity or its ultimate parent(s)

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

14. Financial instrument disclosures and associated risks (continued)

(b) Credit risk (continued)

The Company’s cash and cash equivalents are held with OCBC Bank and Swissquote Bank SA. All transactions of the Company are cleared by Interactive Brokers LLC, Velocity Trade Pte. Ltd, Velocity Trade Limited or Maybank Securities Pte. Ltd., representing a concentration risk. Bankruptcy or insolvency of OCBC Bank, Swissquote Bank SA, Interactive Brokers LLC, Velocity Trade Pte. Ltd, Velocity Trade Limited or Maybank Securities Pte. Ltd. may cause the Company’s rights with respect to the cash and/or its investments to be delayed or limited. The Company regularly monitors its risk by monitoring its credit quality as reported.

The table below summarises the Standard & Poor’s credit rating of the major counterparties as at the statement of financial position date.

	<u>S&P’s credit rating</u>
2024	
OCBC Bank	AA-
Interactive Brokers LLC	A-
Maybank Securities Pte. Ltd.	A-
2023	
OCBC Bank	AA-
Interactive Brokers LLC	A-

There is no rating for Swissquote Bank SA, Velocity Trade Pte. Ltd. and Velocity Trade Limited (2023: Swissquote Bank SA and Velocity Trade Limited). If the credit quality or the financial position of this entity deteriorates significantly, the Manager will deal with another provider.

Expected credit loss

The Company measures credit risk and expected credit losses on financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due.

The Company’s offering documents provide for the monthly cancellation of shares and the Company is therefore exposed to the liquidity risk of meeting shareholder redemptions. The Company’s policy allows for redemptions on the first business day of each calendar month and shareholders must provide notice based on the number of business days stipulated in the Memorandum.

The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

14. Financial instrument disclosures and associated risks (continued)

(c) Liquidity risk (continued)

In order to manage the Company's overall liquidity, it has protocols in place around redemptions. In the event that the shareholders redeem 75% or more of the aggregate NAV of all participating shares then on issue on any redemption day, the Board of Directors has the sole and absolute discretion to reduce the redemptions pro rata amongst all participating shareholders seeking to redeem participating shares on the relevant redemption day and carry out only such redemptions which, in aggregate, amount to 75% of the aggregate NAV of all then issued participating shares, or such other percentage as the Board of Directors may determine. In certain circumstances, the Board of Directors may also suspend redemptions if this is deemed to be in the best interest of all shareholders.

The Company's investments in listed securities are considered to be readily realisable as they are listed on recognised exchanges.

The Company's liabilities as of 30 September 2024 and 30 September 2023 are short-term in nature.

The tables below show the residual contractual, undiscounted cash flows of the Company's liabilities at 30 September 2024 and 30 September 2023:

30 September 2024	Less than 1 month US\$	Between 1-3 months US\$	3 months to 1 year US\$	Greater than 1 year US\$
<i>Financial liabilities</i>				
Due to broker	1,473,655	-	-	-
Other payables and accruals ¹	87,448,670	-	-	-
Management fee payable	125,681	-	-	-
Administration fee payable	7,161	-	-	-
Redemptions payable	288,096	-	-	-
Total	89,343,263	-	-	-

30 September 2023	Less than 1 month US\$	Between 1-3 months US\$	3 months to 1 year US\$	Greater than 1 year US\$
<i>Financial liabilities</i>				
Due to broker	1,102,141	-	-	-
Other payables and accruals ¹	63,708,873	-	-	-
Management fee payable	86,107	-	-	-
Administration fee payable	4,339	-	-	-
Performance fee payable	2,684	87,122	-	-
Financial liabilities at fair value through profit or loss	-	686,230	-	-
Redemptions payable	22,665	-	-	-
Total	64,926,809	773,352	-	-

¹Other payables and accruals include puttable instruments which are being shown in the less than 1 month category

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

14. Financial instrument disclosures and associated risks (*continued*)

(d) Capital risk management

The capital of the Company is represented by the net assets attributable to holders of participating shares. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Company.

In order to ensure capital of the Company is managed with prudence and in compliance with its stated objectives, the Company's policy is to perform the following:

- (a) Monitors the level of subscriptions and redemptions relative to the liquid assets and adjusts the amount of distributions the Company pays to participating shareholders.
- (b) Redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Manager monitors capital on the basis of the value of net assets attributable to holders of participating shares.

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Notes to the financial statements for the financial year ended 30 September 2024 (continued)

15. Fair value measurements

The carrying values of financial assets at amortised cost and financial liabilities at amortised cost of the Company at the reporting date approximated their fair values.

The tables below provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2024	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss</i>				
Investments in exchange-traded funds	72,475,900	-	-	72,475,900
Investments in mutual funds	6,340,320	-	-	6,340,320
Investments in future contracts	255,209	-	-	255,209
Investments in foreign exchange forwards	-	1,237,518	-	1,237,518
Total financial assets at fair value through profit or loss	79,071,429	1,237,518	-	80,308,947
30 September 2023	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss</i>				
Investments in exchange-traded funds	32,580,638	-	-	32,580,638
Investments in mutual funds	20,983,401	-	-	20,983,401
Total financial assets at fair value through profit or loss	53,564,039	-	-	53,564,039
<i>Financial liabilities at fair value through profit or loss</i>				
Investments in foreign exchange spots	-	(23)	-	(23)
Investments in foreign exchange forwards	-	(686,207)	-	(686,207)
Total financial liabilities at fair value through profit or loss	-	(686,230)	-	(686,230)

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Notes to the financial statements for the financial year ended 30 September 2024 *(continued)*

15. Fair value measurements recognised in the Statement of Financial Position *(continued)*

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investments.

The investment in the underlying funds is categorised under level 1 as it is liquid and can be traded on daily basis.

Foreign exchange spots and foreign exchange forwards include forward foreign currency contracts which are not traded in an active market and are classified under Level 2. The fair value of the financial assets/(liabilities) at fair value through profit or loss is determined using forward currency rates at the Statement of Financial Position date.

There were no transfers between levels during the financial year ended 30 September 2024 and financial year ended 30 September 2023.

Valuation methods

All of the Company's investments are carried at fair value on the Statement of Financial Position. The major methods and assumptions used in estimating the fair values of financial instruments are set out below.

Fair value determined using a quoted price in an active market

When fair values of listed investments in equity instruments at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included in level 1 of the fair value hierarchy.

Fair value determined using quoted forward currency rates

The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the Statement of Financial Position date. These investments are classified as Level 2 and comprise debt instruments and derivative financial instruments.

16. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Directors

The Directors' interests in management shares of the Company are disclosed in Note 11 to the financial statements.

The Directors may be entitled to fees for their roles as Directors of the Company. During the financial year ended 30 September 2024 and 30 September 2023, there were no directors' fees incurred.

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Notes to the financial statements for the financial year ended 30 September 2024 (*continued*)

16. Related parties (*continued*)

Manager

Details of management fee and performance fee charged by the Manager during the financial year and outstanding at the reporting date are disclosed in Note 10.

All related party transactions were made at arm's length on normal commercial terms and conditions, unless otherwise stated.

17. Events occurring after statement of financial position date

There were no significant events subsequent to the financial year which require disclosure in the financial statements.

18. Authorisation of the financial statements

These financial statements of the Company for the financial year ended 30 September 2024 were approved and authorised for issuance by the Directors on 6 December 2024.