



**Livermore**Investments

# Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements  
for the year ended 31 December 2023





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# Highlights

- Net Profit for the year was USD 13.9m (2022: net loss of USD 24.4m).
- Net Asset Value per share increased by 6.3% to USD 0.82 (2022 USD 0.77) after paying USD 4.9m dividend implying a net return of about 10.2% for the year.
- The Company is conservatively positioned with over USD 52.9m of cash deposits and Government bonds.
- On 21 November 2023, the Company announced an interim dividend of USD 4.9m (USD 0.03 per share) to members on the register on 01 December 2023. The dividend was paid on 29 December 2023.
- Collateralized Loan Obligations (CLO) portfolio generated USD 21.6m in cash distributions and a total net return of USD 16.2m in 2023 in addition to the USD 2.0m generated from the cash and bond portfolio.



# Chairman's and Chief Executive's Review

## Introduction

We are pleased to announce the financial results for Livermore Investments Group Limited ("Livermore" or "the Company") for the year ended 31 December 2023. References to the Company hereinafter also include its consolidated subsidiary (note 8). References to financial statements hereinafter are to the Company's consolidated financial statements.

2023 was a surprisingly robust year for global growth despite higher interest rates for longer than anticipated. Advanced economies mostly performed well and avoided forecasted recessions. Businesses and consumers were resilient, especially in the United States. Inflation rates declined across most economies although they stayed higher than target levels for their respective Central Banks. Although the Russia-Ukraine conflict continued, energy markets were stable and prices lower than in 2022 provided much needed relief to people around the world. By mid-year, interest rates in the developed world seemed to have reached their respective peaks. Tightened financial conditions were generally successful in slowing inflation especially in the latter half of the year. The failure of Credit Suisse and a regional banking crisis in the US were the highlights of the year, but optimism related to significant developments in Artificial Intelligence and safe weight loss drugs boosted equity markets. Larger and better quality companies easily outperformed smaller and interest rate sensitive companies in 2023.

Government bonds eventually performed later in the year as economic slowdown and expectations of several rate cuts in 2024 fuelled buying interest. The US Dollar and Euro traded sideways for most of the year on a trade-weighted basis.

CLOs and US senior secured loans performed quite well in 2023 despite higher rates. Higher carry, short duration, and already lower prices from 2022 overcame concerns over softening credit fundamentals. Still, the economic environment was precarious in 2023 and remains so until interest rates decline meaningfully. Over the year, the Company continued to let its CLO equity book amortize through distributions and instead increased its exposure to CLO mezzanine bonds. Management traded CLO mezzanine profitably through the year and ended 2023 with a net exposure of USD 15.7m to CLO mezzanine bonds. Further, the 2022 year end CLO valuations anticipated extremely negative scenarios which ultimately did not materialize in 2023 and the CLO portfolio generated USD 16.2m or 24.3% return over its starting valuation in 2023. During the course of 2023, management maintained its conservative position and is well positioned to take advantage of opportunities.

Our investment in Fetcherr continues to surprise positively. Fetcherr is a dynamic, high-frequency, generative pricing engine focused on the airline industry. It has received several awards and has been steadily gaining larger airline clients demonstrating its effectiveness in revenue enhancement for their clients. We expect Fetcherr to continue to successfully execute on its large and growing pipeline.

Our net profit for the year was USD 13.9m (2022 net loss: USD 24.4m) and the year-end NAV was USD 0.82 per share (2022 NAV: USD 0.77 per share) after paying a dividend payment of USD 4.9m (USD 0.03 per share).

The Company ended the year with over USD 52.9m of cash invested mainly in deposits and US government debt.



## Financial Review

The NAV of the Company on 31 December 2023 was USD 135.8m (2022: USD 127.7m). Net profit, during the year was USD 13.9m, which represents profit per share of USD 0.08. Operating expenses were USD 3.3m (2022: USD 3.0m).

The overall change in the NAV is primarily attributed to the following:

	31 December 2023 US \$m	31 December 2022 US \$m
Shareholders' funds at beginning of year	127.7	177.7
Income from investments	24.1	23.7
Other income	0.3	-
Unrealised (losses) / gains on investments	(7.5)	(46.3)
Operating expenses	(3.3)	(3.0)
Other expenses	(0.3)	-
Net finance costs	(0.1)	(0.2)
Tax charge	(0.2)	(0.2)
Increase / (decrease) in net assets from operations	13.0	(26.0)
Dividends paid	(4.9)	(24.0)
Shareholders' funds at end of year	135.8	127.7
<b>Net Asset Value per share</b>	<b>US \$0.82</b>	<b>US \$0.77</b>

## Dividend

On 21 November 2023, the Company announced an interim dividend of USD 4.9m (USD 0.03 per share) to members on the register as at 01 December 2023. The dividend was paid on 29 December 2023.

The Board of Directors will decide future dividends based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Company relative to its NAV.

Richard B Rosenberg  
Chairman



Noam Lanir  
Chief Executive Officer



22 May 2024





# Review of Activities

## Introduction and Overview

Overall, the Company remained conservatively positioned until inflation expectations and central bank actions turn towards supporting growth instead of reducing inflation rates. Our exposure has been primarily towards short duration through floating rate debt and front-end money-market instruments as well as treasury bills. Higher rates afford the luxury of getting paid to wait while excessive valuations and unviable business are corrected through the cleansing process of fighting inflation. We have seen large US regional banks and too-big-to-fail entities like Credit Suisse fail in 2023, so caution is warranted.

The lessons of the Great Financial Crisis in 2008-2009 seem to have been well learnt by the regulators and central banks, which acted swiftly, decisively and in unison to support the financial system from buckling under the pressure of the failure of Credit Suisse and the regional banking crisis in the US. Equity markets performed extremely well in 2023 as significant innovation in Artificial Intelligence (AI) and development of novel weight-loss drugs created optimism about productivity gains and future earnings. Larger US technology and pharmaceutical companies drove much of the gains whereas smaller companies and interest rate sensitive sectors continued to struggle for survival under the weight of higher interest rates.

Developed economies government bond market returns were unattractive in 2023 as higher growth and expansive fiscal policies especially in the US kept rates higher. The widely forecasted recession did not arrive in the US in 2023 although long-end rates rallied hard in the last quarter of 2023 in hope of several rate cuts in 2024. Corporate bonds had a much better showing as spreads narrowed during the year towards historical averages and the Bloomberg US Corporate Total Return index gained by over 8% while the High Yield Total Return gained 129% in 2023. The US leveraged loan market also performed very well with the Credit Suisse Leveraged Loan Index gaining 13%.

CLO equity and mezzanine bonds had a good showing in 2023. The extremely negative outcomes modelled for year-end 2022 valuations did not materialize and provided a significant boost to performance in 2023. Still, there were several credit issues and while the default rates were lower than projected, the recovery rates were much lower as well. Thus, actual credit losses incurred through credit events or through trading did materially affect CLO structures, especially older vintages that had already borne credit stresses from 2020 and before. New vintage CLO structures weathered the issues much better. While the Company did not open any warehouses in 2023, management let older vintage CLOs amortize through their distributions and invested the cash in deposits and higher quality CLO mezzanine positions. Distributions from the CLO portfolio were in line with expectations generating over USD 23.6m in cashflow and USD 16.2m in net gains.

For the 2023 year-end, the Company reported a NAV/share of USD 0.82 after a dividend payment of USD 4.9m (USD 0.03 per share) and net profit of USD 13.9m. Interest and distribution income amounted to USD 24.05m, of which, USD 21.6m was generated from the CLO portfolio. The net gain of the CLO and warehousing portfolio was USD 16.2m as valuations stayed relatively unchanged from the beginning of the year.

Management invested an additional USD 0.695m in a secondary transaction involving Fetcherr shares. Operating expenses amounted to USD 3.3m. The Company ended the year with over USD 52.9m of cash, deposits, and investments in US treasury bills after paying an interim dividend of USD 4.9m in December 2023.



The Company does not have an external management company structure and thus does not bear the burden of external management and performance fees. Furthermore, the interests of Livermore's management are aligned with those of its shareholders as management has a large ownership interest in Livermore shares.

Considering the strong liquidity positions of Livermore, together with its strong foothold in the US CLO markets as well as the robustness of its investment portfolio and the alignment of the management's interests with those of its shareholders, management believes that the Company is well positioned to benefit from current conditions.

## Global Investment Environment

Global economic growth in 2023 remained unexpectedly robust despite challenges such as Russia's aggression against Ukraine and monetary policy tightening. However, economic growth varied among regions. Advanced economies, especially in Europe, experienced significant slowdowns due to tighter monetary policies and inflation's impact on purchasing power. The US economy, on the other hand, remained strong. China's recovery from its zero-COVID policy also supported global trade, although its domestic property and consumer segments remained weak. Tighter financial conditions affected interest-sensitive expenditures, but household consumption remained steady due to tight labor markets. Core inflation remained sticky despite a decline in headline inflation due to energy price reversals. Internationally, economic growth generally slowed in the second half of 2023 and most central banks paused policy interest rates, with expectations that some may start reducing their rates materially in 2024. Overall, the trade-weighted exchange value of the US dollar slightly increased, appreciating significantly against the Japanese Yen although it weakened materially against the Swiss Franc.

Financial conditions remained restrictive, but equity markets recovered despite temporary disruptions from regional bank collapses and the failure of Credit Suisse. The equity markets were further boosted by optimism on advancements in Artificial Intelligence and safer weight loss drugs.

**US:** In 2023, the US economy demonstrated resilience despite tighter monetary policy. Consumer price inflation decreased, ending the year at 3.4%, down from 6.5% in December 2022. The Federal Reserve raised the target range for its policy rate by 1% to 5.25%–5.5% by July and maintained this level throughout the year, while continuing to reduce its portfolio of Treasury and mortgage-backed securities. Real GDP growth was robust, increasing by 3.1% in 2023, supported by solid consumer spending and a rebound in housing market activity.

**Euro Zone:** In 2023, the GDP growth in the Euro area was weak at 0.5%. Consumer price inflation decreased significantly but remained above the ECB's 2% target throughout the year, reaching 2.9% in December, down from 9.2% a year earlier. The ECB raised key interest rates by 2% until September, reaching a 4% deposit facility rate, and maintained these rates unchanged afterward. The Euro area's unemployment rate averaged 6.5% in 2023. Although the failure of Credit Suisse created significant ripples in the financial markets, Euro area banks demonstrated increased resilience, with the Common Equity Tier 1 ratio reaching 15.6% in the third quarter.

**China:** In 2023, China's GDP grew robustly by 5.2%, exceeding the previous year's growth rate of 3.0% and meeting the government's target of around 5%. This growth was fuelled by the relaxation of the zero-COVID policy toward the end of 2022, leading to a significant economic recovery. Despite this growth, the economic environment posed challenges, including a deteriorating property crisis and subdued consumer and business sentiment. To bolster the economy, authorities implemented measures from mid-2023 onwards, including increased infrastructure investment and targeted interventions in the property sector.



**Commodities:** The average price of Brent crude oil in 2023 was \$83 per barrel, down from \$101 in 2022. Throughout the year, crude oil prices experienced fluctuations influenced by factors such as the EU import ban on Russian oil and interest rate hikes. Brent crude prices ended the year at \$78 per barrel, \$4 lower than the start of the year. OPEC+ extended crude oil production cuts through 2024, with Saudi Arabia implementing additional voluntary cuts in July. Energy commodity prices, including oil and gas, declined due to lower demand, despite geopolitical risks and supply cuts. European gas prices dropped by 58% in 2023, with lower industrial demand and reduced household consumption contributing to decreased gas consumption. Stable liquefied natural gas (LNG) supply enabled European countries to enter the heating season with full gas storage. However, supply risks, such as strikes at Australian LNG terminals, led to periods of high price volatility, highlighting the market's sensitivity during the shift away from Russian gas imports.

**Equities and Bonds:** In 2023, financial markets saw a significant rebound following losses from the previous year. The S&P 500 surged by 26.3%, and the MSCI All Country World Index rose by 22.2%. Tech sector performance, led by companies like NVIDIA, drove this recovery. Despite geopolitical tensions, the US economy's resilience supported the global outlook. Small-cap stocks lagged behind large-cap stocks. High-profitability companies outperformed low-profitability ones in both developed and emerging markets. US Treasuries rebounded, but yields remained relatively higher, fluctuating significantly throughout the year. Corporate bond yields declined, with spreads narrowing, especially for speculative-grade bonds. Treasury market functioning was orderly, but liquidity was low, particularly in short-term securities.

**Loan Market:** In 2023, the leveraged loan market, had a strong performance and its best since 2009. The Credit Suisse Leverage Loan Index (CSLLI) recorded a total return of 13.04%. The trailing 12-month average default rate ended at 1.53%, up from 0.72% in 2022 but below the long-term average of 2.70%. Average loan prices rose from 91.89 to 95.32 throughout the year but remained below pre-Ukraine war levels. Refinancing activity surged, accounting for over 58% of new supply volume, compared to 26% in 2022. Concerns about the maturity wall were alleviated, with significant reductions in debt maturing before 2026. The growing private credit asset class actually helped reduce some stress in the leveraged loan market as some stressed borrowers prepaid and refinanced into new facilities from private credit funds and business development companies (BDCs), with around \$16 billion refinanced by private credit managers in 2023 benefitting the leveraged loan and CLO market.

**CLO Market:** In 2023, the CLO market saw significant activity, with \$116 billion in new CLO issuance reported by LCD Pitchbook. Captive CLO funds represented over 80% of the 208 new BSL CLOs issued during the year. CLO refinancing and reset volumes decreased, totalling \$24.6 billion across 57 transactions, with \$14.7 billion occurring in the last three months. By the end of 2023, CLO AAA discount margins averaged approximately 175 basis points over SOFR, tightening by 53 basis points since the previous year's end. With liability spreads still high, management has decided to not participate in new issue CLO equity and focus on secondary and CLO mezzanine opportunities.

As we look ahead in 2024, we anticipate liability spreads to tighten as high current carry, short duration, and a soft landing expectation create attractive risk-reward characteristics.

Sources: Swiss National Bank, Bloomberg, Board of Governors of the Federal Reserve System, European Central Bank (ECB), Morningstar, JP Morgan, Credit Suisse



## Livermore's Strategy

The financial portfolio is focused on fixed income instruments which generate regular cash flows and include exposure mainly to senior secured and usually broadly syndicated US loans and to a limited extent emerging market debt through investments in CLOs. This part of the portfolio is geographically focused on the US.

Strong emphasis is given to maintaining sufficient liquidity and low leverage at the overall portfolio level and to re-invest in existing and new investments along the economic cycle.

## Financial portfolio

The Company manages a financial portfolio valued at USD 127.2m as of 31 December 2023, which is composed mainly of cash and investments in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as of year-end 2023.

Name	2023 US \$m	2022 US \$m
Investment in the loan market through CLOs	68.3	66.6
Public equities	2.0	2.3
Short term government bonds	28.5	24.6
Long term government bonds	4.2	8.3
Corporate bonds	4.0	4.6
<b>Invested total</b>	<b>107.0</b>	<b>106.4</b>
Cash	20.2	11.0
<b>Total</b>	<b>127.2</b>	<b>117.4</b>

### Senior Secured Loans and Collateralized Loan Obligations (CLO):

US senior secured loans are a floating rate asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to the equity market. CLOs are managed portfolios invested into diversified pools of senior secured loans and financed with long term financing.

In 2023, US leveraged loans generated strong returns and the Credit Suisse Leverage Loan Index ("CSLLI") was up about 13%. It was one of the strongest annual returns since the Global Financial Crisis. High base rates provided significant yield and lower prices from 2022 boosted their attractiveness. Further, strong nominal growth in the US allowed most borrowers to manage their pricing structures to cover higher costs and interest expenses. Still, higher rates for longer pose significant threat to several borrowers. Fortunately, open capital markets since Q4 2023 and the growth in private credit had made credit available especially for better quality borrowers.

The trailing 12-month default rate in December 2023 increased to 1.53% from 0.72% a year ago. While



this is much lower than expected in 2022, lower than average recoveries point to loss rates similar to higher defaults but higher recoveries. Nonetheless, it is encouraging that most borrowers were able to take advantage of nominal growth in the economy and manage their revenues, costs, and interest expenses. Further, the maturity wall has again been pushed out with about 7% of the loan market as of year-end 2023 maturing before 2026 and this number has been further reduced in 2024.

While new issue loans were few and far in-between, the CLO market experienced strong issuance with over USD 116 billion of new issue CLOs pricing in 2023 despite wide liability spreads. Most of this activity was driven by captive CLO manager funds as the difference between income from loans and liability costs were unattractive for economic investors such as Livermore. Nonetheless, this new CLO creation further supported demand for loans in 2023.

In November 2023, the US Federal Reserve indicated expectations for several rate reductions in 2024 given the decline in inflation. This prompted a significant rally in risk assets and CLO liability spreads have tightened sharply into the first quarter of 2024 along with further gains in underlying loans.

In 2023, CLO equity distributions were in line with expectations. Our portfolio generated cashflow of USD 23.6m for the year and net gains of USD 16.2m on a starting valuation of USD 66.6m in January 2023. Further, management profitably traded CLO mezzanine debt and increased exposure to such bonds given their high current coupons. Management did not open any warehouses in 2023 and maintained its conservative posture allowing its older vintage CLO equity positions to amortize through their distributions. As we look ahead, we expect the interest rates to stay high for longer than the market does and continue to stay cautious. At the same time, tighter liability spreads, generous warehouse terms, and few near-term loan maturities create an attractive risk-reward profile to restart warehousing and CLO investment activity.

The Company's CLO portfolio is divided into the following geographical areas:

	2023 Amount US \$000	Percentage	2022 Amount US \$000	Percentage
US CLOs	68,284	100%	66,576	100%

## Fund Investments

The fund investments held by the Company are mainly incorporated in the form of Managed Funds (mostly closed end funds) in Israel and the emerging economies. Also, the Company has some direct venture capital investments.

The following summarizes the book value of the private equity funds at 31 December 2023.

Name	US \$m
Fetcherr Ltd	2.0
Phytech	2.6
Sauce, Inc (formerly Say2eat Inc)	0.8
Other investments	1.1
<b>Total</b>	<b>6.5</b>



**Fetcherr Ltd:** Fetcherr is the Israeli start-up that has developed proprietary large market AI models for dynamic pricing systems. Fetcherr is disrupting traditional revenue systems in the airline industry and has signed-up airlines such as Virgin Airlines, Azul Air, etc. The Company invested USD 2m in 2021 and another USD 0.695m in a secondary transaction in 2023 at about a USD 67m valuation. Around the same time in 2023, Fetcherr raised capital in the form of a SAFE (convertible debt instrument) at a maximum valuation of USD 100m. As of 31 December 2023, the Company owned 8.3% of Fetcherr issued share capital.

**Phytech:** Phytech is an agriculture-technology company in Israel providing end-to-end solutions for achieving higher yields on crops and tree data. Livermore continues to hold 12.2% in Phytech Global Advisors Ltd, which in turns now holds 11.95% on a fully diluted basis in Phytech Ltd.

**Sauce, Inc (formerly Say2eat, Inc.):** is a company that has proved it can disrupt the existing food delivery (3rd party) marketplace model, with a first-party, direct delivery model that is commission-free. Sauce has demonstrated a strong product-market fit by fulfilling a significant 1 million orders milestone in 2023 across over 1,000 stores. With a workforce of 80 employees across four continents, Sauce, Inc. showcases robust unit economics, a solid cash position, and is nearing break-even. The company is well-positioned for further expansion and growth. The Company invested USD 0.750m in Sauce, Inc in 2020.

The following table reconciles the review of activities to the Company's financial assets at 31 December 2023:

Name	US \$m
Financial Portfolio	107.0
Fund investments	6.5
<b>Total</b>	<b>113.5</b>
Financial assets at fair value through profit or loss (note 4)	107.0
Financial assets at fair value through other comprehensive income (note 5)	6.5
<b>Total</b>	<b>113.5</b>

## Investments in Subsidiaries

The subsidiaries include investments in the fields of real estate and receivables from the Company itself as well as third parties. The resulting fair value changes are mainly attributed to changes in the subsidiaries' net assets including the value of the underlying investments.

## Events after the reporting date

Details of material events after the reporting date are disclosed in note 27 to the financial statements.

## Litigation

During 2023, there was one matter in litigation that the Company was involved in. Further information is provided in note 23 to the financial statements.



# Report of the Directors

The Directors submit their annual report and audited financial statements of the Company for the year ended 31 December 2023.

This report has been prepared on a voluntary basis and it does not contain all of the information that would have been required had it been prepared in accordance with the UK Companies Act 2006 guidance.

## The Board's objectives

The Board's primary objectives are to supervise and control the management activities, business development, and the establishment of a strong franchise in the Company's business lines. Measures aimed at increasing shareholders' value over the medium to long-term, such as an increase in NAV are used to monitor performance.

## The Board of Directors

### **Richard Barry Rosenberg (age 68) independent, Non-Executive Director, Chairman of the Board**

Richard joined the Company in December 2004. He became Non-Executive Chairman on 31 October 2006. He qualified as a chartered accountant in 1980 and in 1988 co-founded the accountancy practice SRLV. He has considerable experience in giving professional advice to clients in the leisure and entertainment sector. Richard is a director of a large number of companies operating in a variety of business segments.

### **Noam Lanir (age 57), Founder and Chief Executive Officer**

Noam founded the Company in July 1998, to develop a specialist online marketing operation. Noam has led the growth and development of the Company's operations over the last twenty years which culminated in its IPO in June 2005 on AIM. Prior to 1998, Noam was involved in a variety of businesses mainly within the online marketing sector. He is also a major benefactor of a number of charitable organisations.

### **Ron Baron (age 56), Executive Director and Chief Investment Officer**

Ron was appointed as Executive Director and Chief Investment Officer in August 2007. Ron has led the establishment and development of Livermore's investment platform as a leading specialized house in the credit space. Ron also has wide investment and M&A experience. From 2001 to 2006 Ron served as a member of the management at Bank Leumi, Switzerland and was responsible for investment activity. Prior to this, he spent five years as a commercial lawyer advising banks and large corporations on corporate transactions, including buyouts and privatisations. Ron has over 18 years of experience as an investment manager with particular focus on the US credit market and CLOs. He holds an MBA from INSEAD Fontainebleau and an LLB (LAW) and BA in Economics from Tel Aviv University. Ron is also the founder and owner of the Israel Cycling Academy a non-profit professional cycling team.

### **Augoustinos Papatthomas (age 61) independent, Non-Executive Director**

Augoustinos joined the Board in February 2019. He is a trained and qualified UK Chartered Accountant. He is a Partner of FRP Advisory Cyprus and of APP Audit in Cyprus with over 30 years of experience in assurance, taxation and advisory for local and international clients. He is also an insolvency practitioner with experience in many liquidations and receiverships. Augoustinos has served as a director in various bodies and organisations.



## Directors' responsibilities in relation to the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company, and its financial performance and cash flows for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions, and at any time enable the financial position of the Company to be determined with reasonable accuracy and enable them to ensure that the financial statements comply with the applicable law and International Financial Reporting Standards as adopted by the European Union. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the British Virgin Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Disclosure of information to the Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Substantial Shareholdings

As at 15 May 2024, the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	Percentage of issued ordinary share capital	Percentage of voting rights*
Groverton Management Ltd	123,048,011	70.39%	74.41%
Livermore Management Limited	25,456,903	14.56%	15.40%

\* after consideration of the treasury shares.

Save as disclosed in this report and in the remuneration report, the Company is not aware of any other person or entity that is interested directly or indirectly in 3% or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company. Details of transactions with Directors are disclosed in note 22 to the financial statements.





# Corporate Governance Statement

## Introduction

The Company recognises the importance of the principles of good Corporate Governance and the Board is pleased to accept its commitment to such high standards throughout the year.

## The Board Constitution and Procedures

The Company is controlled through the Board of Directors, which comprises of two independent Non-Executive Directors (one of which is the Board's Chairman) and two Executive Directors. The Chief Executive's responsibility is to focus on co-ordinating the company's business and implementing Company strategy.

A formal schedule of matters is reserved for consideration by the Board, which meets approximately four times each year. The Board is responsible for implementation of the investing strategy as described in the circular to shareholders dated 29 December 2006 and adopted pursuant to shareholder approval at the Company's EGM on 17 January 2007. It reviews the strategic direction of the Company, its codes of conduct, its annual budgets, its progress towards achievement of these budgets and any capital expenditure programmes. In addition, the Directors have access to advice and services of the Company Secretary and all Directors are able to take independent professional advice if relevant to their duties. The Directors receive training and advice on their responsibilities as necessary. All Directors submit themselves to re-election at least once every three years.

## Board Committees

The Board delegates clearly defined powers to its Audit and Remuneration Committees. The minutes of each Committee are circulated by the Board.

## Remuneration Committee

The Remuneration Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director. The Remuneration Committee considers the terms of employment and overall remuneration of the Executive Directors and key members of Executive management regarding share options, salaries, incentive payments and performance related pay. The remuneration of Non-Executive Directors is determined by the Board.

## Audit Committee

The Audit Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director and is chaired by the Chairman of the Board. The duties of the Committee include monitoring the auditor's performance and reviewing accounting policies and financial reporting procedures.

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of external audit function, and the management of the Group's systems of internal control and business risks.



The primary roles and responsibilities delegated to, and discharged by, the Committee include:

- monitoring and challenging the effectiveness of internal control and associated functions;
- approving and amending Group accounting policies;
- reviewing, monitoring, and ensuring the integrity of interim and annual financial statements, and any formal announcements relating to the Company's financial performance;
- providing advice (where requested by the Board) on whether the Annual Report and Accounts, taken, is fair, balanced, and understandable, and provides the information necessary for shareholders to assess the Company's position and performance;
- reviewing and monitoring the external auditor's independence, objectivity, and effectiveness of the audit services; and
- monitoring and approving the scope and costs of audit.

## The Quoted Company Alliance (QCA) Code

The Directors of Livermore recognize the importance of good corporate governance in facilitating Livermore to achieve its goals in our accountability to our stakeholders, and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

In the statements that follow, we explain our approach to governance, and how the Board and its committees operate.

1. Establish a strategy and business model which promote long-term value for shareholders  
Livermore's strategy is focused primarily on investments which generate regular cash flows and where the team has considerable investment experience and skills. These investments generally include exposure mainly to senior secured and usually broadly syndicated US loans through structures such as Collateralized Loan Obligations.

Strong emphasis is given to maintaining sufficient liquidity and low leverage at the overall portfolio level and to re-invest in existing and new investments along the economic cycle.

Core pillars of investment strategy are:

- Investing with discipline and patience
- Using data and technology to continuously improve, analyze, and
- Building strong relationships with its counterparties and employees.

The key challenges to the business and how these are mitigated are detailed in the "Review of the Business and Risks" section of our Annual Report and Accounts.

2. Seek to understand and meet shareholder needs and expectations  
Livermore encourages two-way communication with its investors. The Chairman talks regularly with the Group's major shareholders and ensures that their views are communicated fully to the Board.

The Board recognizes the AGM as an important opportunity to meet private shareholders. The Chairman and key management are available to listen to the views of shareholders informally immediately following the AGM.

Where voting decisions are not in line with the Company's expectations the Board will engage



with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Livermore is committed to sustainably deliver long term success and creating a win-win environment for all its stakeholders. It does so by fostering strong relations and a sense of loyalty and integrity in all aspects of our business. The Directors receive feedback from its major stakeholders:

1. Shareholders: Generate strong, consistent returns, encourage open dialogue and continue reporting on investments and business activities
2. Employees: Continue to encourage independent thinking and development, institute employee engagement feedback to listen and address issues, and reward competitively and based on performance.
3. Investment and Transaction Counterparties: Active engagement through individual meetings as well as regular calls and conference attendances.

4. Embed effective risk management, considering both opportunities and threats, throughout the organization:

Audit, risk and internal control: The Company has an established framework of internal financial controls, which are designed to ensure that risk of mis-statement or loss is kept to a minimum. The controls are reviewed regularly by the Executive Management and the Audit Committee, as well as our external independent auditors. The external auditors include their review of internal controls in their "Key Issues Memorandum" and report to the Audit Committee.

Given the Company's size and the nature of its business, the Board does not consider that it is necessary to have an internal audit function.

"Review of the Business and Risks" section of our Annual Report and Accounts details risks to the business and how these are mitigated.

The Board considers risk to the business at every Board meeting (at least 4 meetings are held each year). Both the Board and senior managers are responsible for reviewing and evaluating risk. The Executive Directors receive regular reports on trading performance, and quarterly discuss budgets and forecasts and new risks associated with ongoing trading.

5. Maintain the board as a well- functioning, balanced team led by the chair

Livermore is controlled by the Board of Directors. Richard Rosenberg, the Non-executive Chairman, is responsible for the running of the Board and Noam Lanir, the Chief Executive, has executive responsibility for running the Group's business and implementing Group strategy. Ron Baron, the Chief Investment Officer, is responsible for the investment implementations and risks.

All Directors receive regular and timely information of the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings of the Directors are circulated to the Board of Directors. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in furtherance of their duties, if necessary, at the



company's expense.

The Board comprises two Executive Directors and two Non-Executive Directors. The Board considers that all Non-executive Directors bring an independent judgement to bear notwithstanding the varying lengths of service.

The Board is supported by the Audit and Remuneration Committee. The role of these Committees is detailed in the "Corporate Governance Statement" section of our Annual Accounts and Reports.

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the "Market Abuse Regulation Policy" and "Anti-Bribery and Anti-Corruption Policy" and our "AIM Rules Compliance Policy".

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board of Directors' biographies are set out on our website and in the Annual Report.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in areas of investment, business management, corporate governance, tax, and accounting. With two Non-executive Board members and two Executive Board members, the Board believes it has the desired balance between independence and alignment of interest.

All of the Directors are subject to election by shareholders at the first Annual General Meeting following their appointment to the Board. In accordance with the Company's Articles of Association Directors are required to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Group and meetings are held on a regular basis to set the overall direction and strategy of the Group, to review operational and financial performance and to discuss the investment environment as well as opportunities and risks. The Board is provided with key information in a timely manner to enable a proper assessment of all matters requiring a decision or insight. All key operational and investment decisions are subject to Board approval.

The Board is supported by Audit and Remuneration Committees which are considered to have the appropriate skills and knowledge to discharge their duties and responsibilities effectively.



There were 8 Board or Committee meetings held during the year ended 31 December 2023. Directors' attendance at these meetings was as follows:

Number of meetings attended	Board	Audit	Remuneration
Richard Barry Rosenberg	5 of 5	2 of 2	1 of 1
Noam Lanir	5 of 5	-	-
Ron Baron	5 of 5	-	-
Augustinos Papathomas	5 of 5	2 of 2	1 of 1

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

The Board oversees the process and makes recommendations on all new Board appointments. Where new Board appointments are considered the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender.

The Company Secretary and our Nominated Advisors support the Chairman in addressing the training and development needs of Directors.

- Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Richard Rosenberg, as Chairman of the Board, has been assessing the individual contributions of each of the members of the team to ensure that:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence.

The performance of board members is currently monitored on an ad-hoc basis and through individual mentoring and training sessions with the assistance of our Nominated Adviser. The Company seeks continuous improvement as part of its considerations for evaluating the performance of the Board.

- Promote a corporate culture that is based on ethical values and behaviors

Livermore is committed to good practice and ethical behaviour and we fully recognize our responsibilities to all of our stakeholders. The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect. Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner.



Livermore is committed to providing a safe and congenial environment that promotes accountability, respect, and independent thought for its employees and consultants. As well, the Company has a whistleblower policy that supports and encourages ethical behavior.

The Board members of the Company lead by example in their personal lives and to do what is in the best interest of the Company and the community that they live in.

Richard Rosenberg, Chairman of the Board, is a trustee of a Teenage Cancer Trust, and regularly cycles and runs to raise funds for the charities he supports.

Noam Lanir, the CEO and executive director, has been actively involved in philanthropic activities including working with the Sh'erit ha-Pletah and the Foundation for the Welfare of Holocaust survivors in Israel.

Ron Baron, the CIO and executive director, founded the Israel Cycling Academy, a philanthropic venture for the development of cycling in Israel as well as a professional Pro-continental cycling team.

The Company tries to embody the ethical values of its Board members and actively looks to contribute to and engage with institutions and people that share its ethical values and behaviours

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The "Corporate Governance Statement" in our Annual Report & Accounts details the company's governance structures and why they are appropriate and suitable for the company to support good decision-making by the Board members.

The Board meets in person at least four times a year and at additional times via teleconference. At each meeting, the members discuss if the current corporate governance structures are sufficient and what improvements may be required to be in line with the needs of the Company and the regulatory environment.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company encourages two-way communication with its investors and aims to respond to queries received in a timely manner. The Chairman is regularly available to communicate with the Company's major shareholders and ensures that their views are communicated fully to the Board.

The Board recognizes the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

A complete index of the disclosures required by the QCA Code, including those on the Company's website, can be found at <http://www.livermore-inv.com/CorporateGovernance>.

Richard Rosenberg, Non-executive Chairman



## Communication with Investors

The Directors are available to meet with shareholders throughout the year. In particular the Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and preliminary results announcements of the Company. The chairman, Richard Rosenberg, is available for meetings with shareholders throughout the year. The Board endeavours to answer all queries raised by shareholders promptly.

Shareholders are encouraged to participate in the Annual General Meeting at which the Chairman will present the key highlights of the Company's performance. The Board will be available at the Annual General Meeting to answer questions from shareholders.

## Internal Control

The Board is responsible for ensuring that the Company has in place a system of internal controls and for reviewing its effectiveness. In this context, control is defined in the policies and processes established to ensure that business objectives are achieved cost effectively, assets and shareholder value safeguarded, and that laws and regulations are complied with. Controls can provide reasonable but not absolute assurance that risks are identified and adequately managed to achieve business objectives and to minimise material errors, frauds and losses or breaches of laws and regulations. The Company operates a sound system of internal control, which is designed to ensure that the risk of misstatement or loss is kept to a minimum.

Given the Company's size and the nature of its business, the Board does not consider that it is necessary to have an internal audit function. An internal audit function will be established as and when the Company is of an appropriate size.

The Board undertakes a review of its internal controls on an ongoing basis.

## Going Concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about interest and distribution income, future trading performance, valuation projections and debt requirements. On the basis of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

## Independence of Auditor

The Board undertakes a formal assessment of the auditor's independence each year, which includes:

- a review of non-audit related services provided to the Company and related fees;
- discussion with the auditor of a written report detailing all relationships with the Company and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the rotation of the audit partner;
- obtaining written confirmation from the auditor that it is independent; and
- a review of fees paid to the auditor in respect of audit and non-audit services.



# Remuneration Report

The remuneration report has been formed in accordance with the requirements of AIM rule 19 and is not intended to comply with the UK statutory requirements.

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2023 were as follows:

## Directors' Emoluments

Each of the Directors has a service contract with the Company.

Director	Date of agreement	Fees US \$000	Benefits US \$000	Total emoluments	
				2023 US \$000	2022 US \$000
Richard Barry Rosenberg	10 June 2005	56	-	56	90
Noam Lanir	10 June 2005	400	45	445	445
Ron Baron	1 September 2007	350	-	350	350
Augoustinos Papatomas	1 February 2019	33	-	33	46

## Directors' Interests

Interests of Directors in ordinary shares

	At 31 December 2023			At 31 December 2022		
	Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of voting rights *	Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of voting rights *
Noam Lanir	123,048,011	70.39%	74.41%	123,048,011	70.39%	74.41%
Ron Baron	25,456,903	14.56%	15.40%	25,456,903	14.56%	15.40%
Richard Barry Rosenberg	16,046	0.01%	0.01%	16,046	0.01%	0.01%

\*after consideration of the treasury shares

Noam Lanir has his interest in ordinary shares through direct or indirect ownership of the whole





issued share capital of Groverton Management Limited. Further information is provided in note 22 to the financial statements.

Ron Baron has his interest in ordinary shares through ownership of the whole issued share capital of Livermore Management Limited.

## Remuneration Policy

The Company's policy has been designed to ensure that the Company has the ability to attract, retain and motivate executive Directors and other key management personnel to ensure the success of the organization.

The following key principles guide its policy:

- Policy for the remuneration of executive Directors will be determined and regularly reviewed independently of executive management and will set the tone for the remuneration of other senior executives.
- The remuneration structure will support and reflect the Company's stated purpose to maximize long-term shareholder value.
- The remuneration structure will reflect a just system of rewards for the participants.
- The overall quantum of all potential remuneration components will be determined by the exercise of informed judgement of the independent remuneration committee, taking into account the success of the Company and the competitive global market.
- A significant personal shareholding will be developed in order to align executive and shareholder interests.
- The assessment of performance will be quantitative and qualitative and will include exercise of informed judgement by the remuneration committee within a framework that takes account of sector characteristics and is approved by shareholders.
- The committee will be proactive in obtaining an understanding of shareholder preferences.
- Remuneration policy and practices will be as transparent as possible, both for participants and shareholders
- The wider scene, including pay and employment conditions elsewhere in the Company, will be taken into account, especially when determining annual salary increases.



# Review of the Business and Risks

## Risks

The Board considers that the risks the Shareholders face can be divided into external and internal risks.

**External risks** to shareholders and their returns are those that can severely influence the investment environment within which the Company operates, and include economic recession, declining corporate profitability, higher corporate default rates and lower than historical recoveries, rising inflation and interest rates and excessive stock-market speculation.

The Company's portfolio is exposed to credit risk, interest rate changes, liquidity risk and volatility particularly in the US. In addition, the portfolio is exposed to currency risks as some of the underlying portfolio is invested in assets denominated in non-US currencies while the Company's functional currency is USD. Investments in certain emerging markets are especially exposed to governmental and regulatory risks.

The mitigation of these risks is achieved by following micro and macroeconomic trends and changes, regular monitoring of underlying assets and price movements and investment diversification. The Company also engages from time to time in certain hedging activities to mitigate these risks.

As of the date of this report, although inflation rates seem to have come down towards central bank targets, they are still too high for comfort and therefore most developed economies remain in a high interest rate environment. High interest rates for a longer period of time can create increased credit risk and lead to higher defaults and potential underperformance of our investments in Collateralized Loan Obligations in the US. The Company has mitigated risk by limiting reinvestment and retaining higher amounts of cash in recent years. The Company continues to be conservatively positioned with 52.9m of cash, deposits, and investments in US treasury bills as of 31 December 2023 and plans to maintain strong liquidity and stay debt free.

Recent geopolitical events, especially the 7 October 2023 attack on Israel and its subsequent response, create heightened risk for the overall investment environment.

**Internal risks** to shareholders and their returns are related to Portfolio risks (investment and geography selection and concentration), balance sheet risk (gearing) and/or investment mismanagement risks. The Company's portfolio has a significant exposure to senior secured loans of US companies and therefore has a concentration risk to this asset class.

A periodic internal review is performed to ensure transparency of Company activities and investments. All service providers to the Company are regularly reviewed. The mitigation of the risks related to investments is effected by investment restrictions and guidelines and through reviews at Board Meetings.

As the portfolio of the Company is currently invested in USD denominated assets, movements in other currencies are expected to have a limited impact on the business.

On the asset side, the Company's exposure to interest rate risk is limited to the interest-bearing deposits and portfolio of bonds and loans in which the Company invests. Currently, the Company is primarily invested in sub-investment grade corporate loans through CLOs, which exposes the Company to credit risk (defaults and recovery rates, loan spreads over base rate) as well as liquidity risks in the CLO market.



Management monitors liquidity to ensure that sufficient liquid resources are available to the Company. The Company's credit risk is primarily attributable to its fixed income portfolio, which is exposed to corporate bonds with a particular exposure to the financial sector and to US senior secured loans.

Further information on financial risk management is provided in note 25 of the financial statements.

## Share Capital

There was no change in the authorised share capital during the year to 31 December 2023. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

## Related party transactions

Details of any transactions of the Company with related parties during the year to 31 December 2023 are disclosed in note 22 to the financial statements.

By order of the Board of Directors



Chief Executive Officer

22 May 2024



# Independent Auditor's Report to the Members of Livermore Investments Group Limited

## *Opinion*

We have audited the consolidated financial statements of Livermore Investments Group Limited and its subsidiary Livermore Capital AG (the "Group"), which are presented in pages 32 to 72 and comprise the Consolidated Statement of Financial Position as at 31 December 2023, and the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

## *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Investments' valuation Level 3

### The Key audit matter

As per note 7.2 of the consolidated financial statements, the Group has financial assets of \$12,3m (2022: \$14m) classified within the fair value hierarchy at level 3, as disclosed in note 7, where \$6,5m relates to fund investments and \$5,8m to investments in subsidiaries. The fair value of level 3 financial assets is generally determined on a basis of either third party valuations, or when not

available, adjusted Net Asset (NAV) calculations using inputs from third parties.

Due to the use of significant judgments by the Board of Directors, the existence of unobservable inputs and the significant total value of financial assets within the level 3 hierarchy, we consider the valuation of these investments as a key audit matter.

### How the matter was addressed in our audit

Our audit work included, but was not restricted to:

#### Fund Investments:

In responding to the key audit matter, we performed the following audit procedures:

- obtained an understanding of the valuation methodologies applied by the Board of directors and assessed their appropriateness for each investment.
- obtained third party confirmations indicating either the NAV or fair value of the financial assets and compared to recorded values and fund's financial statements.
- evaluated the independent professional valuer's competence, capabilities and objectivity.
- in cases where the valuations were performed by the Board of Directors, evaluated the reasonableness of the methodology applied and verified the inputs used by comparing them to third party sources; and considered the adequacy of consolidated financial statement disclosures in relation to the valuation methodologies used for each class of level 3 financial assets.

#### Investments in Subsidiaries:

In responding to the key audit matter, we performed the following audit procedures:

- obtained management accounts of the subsidiaries to identify their NAV; and evaluated any significant change in the fair value of investment.
- assessed the management accounts of the subsidiaries to determine whether the disclosed NAV is fairly stated by obtaining portfolio statements and land valuations from independent valuers.
- evaluated and assessed the valuers' competence, capabilities and objectivity.
- considered the adequacy of consolidated financial statement disclosures in relation to the valuation methodologies used for each class of level 3 financial assets.

#### Key observations

We concluded that the judgements and estimates used by the management in determining the fair value of investments were reasonable and the disclosures made in relation to these matters in the consolidated financial statements were appropriate.



### *Other Information*

The Board of Directors is responsible for the other information. The other information comprises the information included in the Highlights, Chairman's and Chief Executive's Review, Review of Activities, Report of the Directors, Corporate Governance Statement, Remuneration report, Review of the Business and Risks, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

### **Responsibilities of the Board of Directors for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the Group's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr Polyvios Polyviou.

#### **Polyvios Polyviou**

Certified Public Accountant and Registered Auditor

for and on behalf of

**Grant Thornton (Cyprus) Ltd**

**Certified Public Accountants and Registered Auditors**

Limassol, 22 May 2024



**Livermore Investments Group Limited**

Consolidated Statement of Financial Position at 31 December 2023

	Note	2023 US \$'000	2022 US \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		46	43
Right-of-use assets		-	87
Financial assets at fair value through profit or loss	4	68,284	66,576
Financial assets at fair value through other comprehensive income	5	6,498	7,596
Investments in subsidiaries	8	5,780	6,546
		80,608	80,848
<b>Current assets</b>			
Trade and other receivables	9	102	72
Financial assets at fair value through profit or loss	4	38,750	39,800
Cash and cash equivalents	10	20,169	10,971
		59,021	50,843
<b>Total assets</b>		139,629	131,691
<b>Equity</b>			
Share capital	11	-	-
Share premium and treasury shares	11	163,130	163,130
Other reserves		(22,027)	(21,214)
Accumulated losses		(5,266)	(14,191)
<b>Total equity</b>		135,837	127,725
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	3,629	3,733
Lease liability – current portion		-	87
Current tax payable		163	146
		3,792	3,966
<b>Total equity and liabilities</b>		139,629	131,691
<b>Net asset value per share</b>			
Basic and diluted net asset value per share (US \$)	14	0.82	0.77

These financial statements were approved by the Board of Directors on 22 May 2024.

The notes 1 to 27 form part of these consolidated financial statements.





**Livermore Investments Group Limited**

Consolidated Statement of Profit or Loss for the year ended 31 December 2023

	Note	2023 US \$000	2022 US \$000
<b>Investment income</b>			
Interest and distribution income	16	24,054	23,665
Fair value changes of investments	17	(6,671)	(44,637)
		17,383	(20,972)
<b>Other income</b>			
Other income		294	-
Operating expenses	18	(3,369)	(3,000)
Other expenses	23	(270)	-
<b>Operating profit / (loss)</b>			
		14,038	(23,972)
Finance costs	19	(75)	(265)
Finance income	19	156	42
<b>Profit / (loss) before taxation</b>			
		14,119	(24,195)
Taxation charge	20	(231)	(167)
<b>Profit / (loss) for the year</b>			
		13,888	(24,362)
<b>Earnings / (loss) per share</b>			
Basic and diluted earnings / (loss) per share (US \$)	21	0.08	(0.15)

The profit / (loss) for the year is wholly attributable to the owners of the parent.

The notes 1 to 27 form part of these consolidated financial statements.



**Livermore Investments Group Limited**

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 US \$000	2022 US \$000
<b>Profit / (loss) for the year</b>		13,888	(24,362)
<b>Other comprehensive income:</b>			
<u>Items that will be reclassified subsequently to profit or loss</u>			
Foreign exchange gains / (losses) on translation of consolidated subsidiary		59	(29)
<u>Items that are not reclassified subsequently to profit or loss</u>			
Financial assets designated at fair value through other comprehensive income – fair value losses	5	(875)	(1,606)
<b>Total comprehensive income / (loss) for the year</b>		13,072	(25,997)

The total comprehensive income / (loss) for the year is wholly attributable to the owners of the parent.

The notes 1 to 27 form part of these consolidated financial statements.



**Livermore Investments Group Limited**

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Note	Share premium US \$000	Treasury Shares US \$000	Translation reserve US \$000	Investments revaluation reserve US \$000	Retained earnings US \$000	Total US \$000
<b>Balance at 1 January 2022</b>		169,187	(6,057)	84	(18,110)	32,618	177,722
Dividends		-	-	-	-	(24,000)	(24,000)
<b>Transactions with owners</b>		-	-	-	-	(24,000)	(24,000)
Loss for the year		-	-	-	-	(24,362)	(24,362)
<b>Other comprehensive income:</b>							
Financial assets at fair value through other comprehensive income – fair value losses		-	-	-	(1,606)	-	(1,606)
Foreign exchange losses on translation of consolidated subsidiary		-	-	(29)	-	-	(29)
Transfer of realised gains	17	-	-	-	(1,553)	1,553	-
<b>Total comprehensive loss for the year</b>		-	-	(29)	(3,159)	(22,809)	(25,997)
<b>Balance at 31 December 2022</b>		169,187	(6,057)	55	(21,269)	(14,191)	127,725
Dividends	13	-	-	-	-	(4,960)	(4,960)
<b>Transactions with owners</b>		-	-	-	-	(4,960)	(4,960)
Profit for the year		-	-	-	-	13,888	13,888
<b>Other comprehensive income:</b>							
Financial assets at fair value through other comprehensive income – fair value losses	5	-	-	-	(875)	-	(875)
Foreign exchange gains on translation of consolidated subsidiary		-	-	59	-	-	59
Transfer of realised losses	17	-	-	-	3	(3)	-
<b>Total comprehensive income for the year</b>		-	-	59	(872)	13,885	13,072
<b>Balance at 31 December 2023</b>		169,187	(6,057)	114	(22,141)	(5,266)	135,837

The notes 1 to 27 form part of these consolidated financial statements.



**Livermore Investments Group Limited**  
Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Note	2023 US \$000	2022 US \$000
<b>Cash flows from operating activities</b>			
Profit / (loss) before tax		14,119	(24,195)
<b>Adjustments for</b>			
Depreciation	18	98	102
Interest expense	19	55	36
Interest and distribution income	16	(24,054)	(23,665)
Bank interest income	19	(156)	(42)
Fair value changes of investments	17	6,671	44,637
Exchange differences	19	20	229
		(3,247)	(2,898)
<b>Changes in working capital</b>			
Increase in trade and other receivables	9	(30)	(62)
Decrease in trade and other payables	12	(104)	(2,928)
<b>Cash flows used in operations</b>		(3,381)	(5,888)
Interest and distributions received	16,19	24,210	23,707
Tax paid		(201)	(32)
<b>Net cash from operating activities</b>		20,628	17,787
<b>Cash flows from investing activities</b>			
Acquisition of investments	4,5	(55,237)	(74,283)
Proceeds from sale of investments	4,5	48,973	46,729
<b>Net cash used in investing activities</b>		(6,264)	(27,554)
<b>Cash flows from financing activities</b>			
Lease liability payments		(131)	(127)
Interest paid	19	(55)	(36)
Dividends paid	13	(4,960)	(24,000)
<b>Net cash used in financing activities</b>		(5,146)	(24,163)



	Note	2023 US \$000	2022 US \$000
Net increase / (decrease) in cash and cash equivalents		9,218	(33,930)
Cash and cash equivalents at the beginning of the year		10,971	45,130
Exchange differences on cash and cash equivalents	19	(20)	(229)
Cash and cash equivalents at the end of the year	10	20,169	10,971

The notes 1 to 27 form part of these consolidated financial statements.



# Notes to the Consolidated Financial Statements

## 1. General Information

- 1.1. The Company was incorporated as an international business company and registered in the British Virgin Islands (BVI) on 2 January 2002 under IBC Number 475668. The principal legislation under which the Company operates is the BVI Business Companies Act, 2004. The liability of the members of the Company is limited.
- 1.2. The registered office of the Company is located at Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.
- 1.3. The Company is tax resident in the Republic of Cyprus.
- 1.4. The principal activity of the Company is to carry out investment activities.

## 2. Basis of preparation

The consolidated financial statements ("the financial statements") of Livermore Investments Group Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The financial statements have been prepared on an accrual basis (other than for cash flow information) using the significant accounting policies and measurement bases summarised in note 3, and also on a going concern basis.

The financial information is presented in US dollars because this is the currency in which the Company primarily operates (i.e., the Company's functional currency).

References to the Company hereinafter also include its consolidated subsidiary (note 8).

The Directors have reviewed the accounting policies used by the Company and consider them to be the most appropriate.

## 3. Accounting Policies

The significant accounting policies applied in the preparation of the financial statements are as follows:

### 3.1. Adoption of new and revised IFRS

As from 1 January 2023, the Company adopted any applicable new or revised IFRS and relevant amendments and interpretations which became effective, and also were endorsed by the EU. This adoption did not have any material impact on the Company's financial statements.

The following IASB documents were issued by the date of authorisation of these financial statements but are not yet effective for the year ended 31 December 2023, or have not yet been endorsed by the EU by 31 December 2023:



	Endorsed by EU	IASB Effective date
• IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	No	1 January 2027
• IFRS 18 "Presentation and Disclosure in Financial Statements"	No	1 January 2027
• Amendments to IAS 21: "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"	No	1 January 2025
• Amendments to IAS 7 and IFRS 7: "Supplier Finance Arrangements"	No	1 January 2024
• Amendments to IFRS 16: "Lease Liability in a Sale and Leaseback"	Yes	1 January 2024
• Amendments to IAS 1: "Classification of Liabilities as Current or Non-current"	Yes	1 January 2024
• Amendments to IAS 1: "Non-current Liabilities with Covenants"	Yes	1 January 2024
• Amendment to IFRS 10, and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No	postponed indefinitely
• IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016

IFRS 18 is expected to affect the presentation of the Company's financial statements when becomes effective, however the Directors have not yet assessed the magnitude of its impact. The remaining pronouncements when become effective are not expected to have any material effect on the financial statements.

### 3.2. Investments in subsidiaries and basis of consolidation

Subsidiaries are entities controlled either directly or indirectly by the Company.

Control is achieved where the Company is exposed, or has right, to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over the subsidiary.

The Directors have determined that Livermore meets the definition of an investment entity, as this is defined in IFRS 10 "Financial Statements". As per IFRS 10, an investment entity is an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investors with



- investment management services;
- (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity is exempted from consolidating its subsidiaries, unless any subsidiary which is not itself an investment entity mainly provides services that relate to the investment entity's investment activities. The financial statements consolidate the Company and one of its subsidiaries providing such services (note 8 shows further details of the consolidated and unconsolidated subsidiaries).

Investments in unconsolidated subsidiaries are initially recognised at their fair value and subsequently measured at fair value through profit or loss. Subsequently, any gains or losses arising from changes in their fair value are included in profit or loss for the year.

Dividends and other distributions from unconsolidated subsidiaries are recognised as income when the Company's right to receive payment has been established.

A subsidiary that is not an investment entity itself and which provides services that relate to the Company's investment activities is consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss.

The financial statements of the consolidated subsidiary are prepared using uniform accounting policies. Where necessary, adjustments are made to the financial statements of consolidated subsidiary to bring its accounting policies into line with those used by the Company. The consolidated subsidiary has a reporting date of 31 December.

All transactions between the Company and its consolidated subsidiary and all resulting balances, income and expenses are eliminated on consolidation.

The results and cash flows of any consolidated subsidiary acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal.

### 3.3. Interest and distribution income

- Interest income is recognised based on the effective interest method.
- Distribution income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### 3.4. Foreign currency

The financial statements of the Company are presented in USD, which is the currency of the primary economic environment in which it operates (its functional currency).

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transaction. Monetary assets and liabilities denominated in non-functional currencies are translated into functional currency using year-end spot foreign exchange





rates. Non-monetary assets and liabilities are translated upon initial recognition using exchange rates prevailing at the dates of the transactions. Non-monetary assets that are measured in terms of historical cost in foreign currency are not subsequently re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the profit or loss for the year. Those that arise on the re-translation of non-monetary items carried at fair value are included in the profit or loss of the year as part of the fair value gain or loss except for differences arising on the re-translation of non-monetary financial assets designated at fair value through other comprehensive income in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items any exchange component of that gain or loss is also recognised in other comprehensive income.

The results and financial position of the consolidated subsidiary, which has a functional currency of Swiss Francs, are translated into the presentation currency as follows:

- (a) assets and liabilities are translated at the closing rate at the reporting date;
- (b) income and expenses and also cash flows are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the items are translated at the rates prevailing at the dates of the transactions); and
- (c) exchange differences arising are recognised in other comprehensive income within the translation reserve. Such translation exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

### 3.5. Taxation

Current tax is the tax currently payable based on taxable profit for the year in accordance with the applicable tax laws.

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted as at the reporting date.

### 3.6. Equity instruments

Equity instruments issued by the Company are recorded at proceeds received, net of direct issue costs.

The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the premium received.

Own equity instruments purchased by the Company, or its consolidated subsidiary are recorded as treasury shares at the consideration paid, including transaction costs, and they are deducted from total equity until they are sold or cancelled. Where such shares are subsequently sold, any consideration received is included in total equity.

### 3.7. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

A financial asset is derecognised only where the contractual rights to the cash flows



from the asset expire or the financial asset is transferred, and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

The Company classifies its financial assets in the following measurement categories:

- (a) those to be measured at fair value through profit or loss;
- (b) those to be measured at fair value through other comprehensive income; and
- (c) those to be measured at amortised cost.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### **Financial assets at fair value through profit or loss**

The Company classifies the following financial assets at fair value through profit or loss:

- (a) equity investments that are held for trading;
- (b) other equity investments for which the Directors have not elected to recognise fair value gains and losses through other comprehensive income; and
- (c) debt investments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income.

All financial assets within this category are measured at their fair value, with changes in value recognised in the profit or loss when incurred.

#### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (OCI) comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss.

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

#### **Financial assets at 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. A gain or loss on a financial asset that is measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised based on the effective interest rate method.

The classification of debt instruments depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash



flows are solely payment of principal and interest.

#### **Impairment**

The Company assesses the expected credit losses associated with its assets carried at amortised cost, on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables only, the Company applies the simplified approach permitted by IFRS 9, which permits expected lifetime losses to be recognised from initial recognition of the receivables.

#### **Write offs**

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### 3.8. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **Financial liabilities at amortised cost**

Financial liabilities are measured initially at fair value plus transaction costs.

After initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

### 3.9. Cash and cash equivalents

Cash comprises cash in hand and on demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. They include unrestricted short-term bank deposits originally purchased with maturities of three months or less.

### 3.10. Segment reporting

In making investment decisions, Management assesses individual investments and then, in analysing their performance, it receives and uses information for each investment product separately rather than based on any segmental information. Given that, Management regards that all the Company's activities fall under a single operating segment.

### 3.11. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosures at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ.



Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting judgements

(i) Classification of financial assets

Management exercises significant judgement in determining the appropriate classification of the financial assets of the Company. The Directors determine the appropriate classification of the Company's financial assets based on Livermore's business model. An entity's business model refers to how an entity manages its financial assets in order to generate cash flows, considering all relevant and objective evidence. The factors considered include the contractual terms and characteristics which are very carefully examined, and also the Company's intentions and expected needs for realisation of the financial assets.

All investments (except from certain equity instruments that are designated at fair value through other comprehensive income) are classified as financial assets at fair value through profit or loss, because this reflects more fairly the way these assets are managed by the Company. The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed, and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel.

(ii) Consolidation of subsidiary

Management exercised significant judgment in determining which of the subsidiaries that are not investment entities themselves, provide services that relate to the Company's investment activities and therefore need to be consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss.

#### Estimation uncertainty

Management, in preparing these financial statements, has not made any significant estimates with a risk of material change in value in the next financial period.

#### 4. Financial assets at fair value through profit or loss

	2023 US \$000	2022 US \$000
<b>Non-current assets</b>		
Fixed income investments (CLOs)	68,284	66,576
<b>Current assets</b>		
Fixed income investments	36,718	37,519
Public equity investments	2,032	2,281
	38,750	39,800

For description of each of the above categories, refer to note 6.



The above investments represent financial assets that are mandatorily measured at fair value through profit or loss.

The Company treats its investments in the loan market through CLOs as non-current investments as the Company generally intends to hold such investments over a period longer than twelve months.

The movement in financial assets at fair value through profit or loss during the year was as follows:

	2023 US \$000	2022 US \$000
<b>At 1 January</b>	106,376	119,220
Purchases	53,463	73,963
Sales	(46,976)	(19,662)
<b>Settlements</b>	-	(23,514)
Fair value losses	(5,829)	(43,631)
<b>At 31 December</b>	107,034	106,376

Credit Suisse, the second-largest bank in Switzerland, collapsed in March 2023 and Switzerland's regulatory authorities approved its takeover by the largest Swiss bank UBS. At that time Livermore owned USD 0.8m nominal of Credit Suisse Additional Tier 1 bonds purchased at a cost of USD 0.675m (included within Fixed income investments). As a result of the takeover, the bonds were permanently written down and the Company suffered a loss in 2023 of USD 0.578m (included within fair value losses above).

#### 5. Financial assets at fair value through other comprehensive income

	2023 US \$000	2022 US \$000
Non-current assets		
<b>Fund investments</b>	6,498	7,596

For description of the above category, refer to note 6.

The above investments are non-trading equity investments that have been designated at fair value through other comprehensive income.



The movement in financial assets at fair value through other comprehensive income during the year was as follows:

	2023 US \$000	2022 US \$000
At 1 January	7,596	12,435
Purchases	1,774	320
Settlements	(1,997)	(3,553)
Fair value losses	(875)	(1,606)
At 31 December	6,498	7,596

## 6. Financial assets at fair value

The Company allocates its non-derivative financial assets at fair value (notes 4 and 5) as follows:

- Fixed income investments relate to fixed and floating rate bonds, perpetual bank debt, investments in the loan market through CLOs, and investments in open warehouse facilities.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.
- Fund investments relate to investments in the form of equity purchases in both high growth opportunities in emerging markets and deep value opportunities in mature markets. The Company generally invests directly in prospects where it can exert influence. Main investments under this category are in the fields of real estate.

## 7. Fair value measurements of financial assets and liabilities

The table in note 7.2 presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

### 7.1 Valuation of financial assets

- Fixed Income Investments (other than CLOs) and Public Equity Investments are valued per their closing market prices on quoted exchanges, or as quoted by market maker.
- CLOs are valued based on the valuation reports provided by market makers. CLOs are typically



valued by market makers using discounted cash flow models. The key assumptions for cash flow projections include default and recovery rates, prepayment rates and reinvestment assumptions on the underlying portfolios (typically senior secured loans) of the CLOs.

**Default and recovery rates:** The amount and timing of defaults in the underlying collateral and the amount and timing of recovery upon a default are key to the future cash flows a CLO will distribute to the CLO equity tranche. All else equal, higher default rates and lower recovery rates typically lead to lower cash flows. Conversely, lower default rates and higher recoveries lead to higher cash flows.

**Prepayment rates:** Senior loans can be pre-paid by borrowers. CLOs that are within their reinvestment period may, subject to certain conditions, reinvest such prepayments into other loans which may have different spreads and maturities. CLOs that are beyond their reinvestment period typically pay down their senior liabilities from proceeds of such pre-payments. Therefore, the rate at which the underlying collateral prepays impacts the future cash flows that the CLO may generate.

**Reinvestment assumptions:** A CLO within its reinvestment period may reinvest proceeds from loan maturities, prepayments, and recoveries into purchasing additional loans. The reinvestment assumptions define the characteristics of the loans that a CLO may reinvest in. These assumptions include the spreads, maturities, and prices of such loans. Reinvestment into loans with higher spreads and lower prices will lead to higher cash flows. Reinvestment into loans with lower spreads will typically lead to lower cash flows.

**Discount rate:** The discount rate indicates the yield that market participants expect to receive and is used to discount the projected future cash flows. Higher yield expectations or discount rates lead to lower prices and lower discount rates lead to higher prices for CLOs.

Investments in open warehouse facilities that have not yet been converted to CLOs, are valued based on an adjusted net asset valuation.

- Fund investments are valued using market valuation techniques as determined by the Directors, mainly on the basis of valuations reported by third-party managers of such investments. Real Estate entities are valued by independent qualified property valuers with substantial relevant experience on such investments. Underlying property values are determined based on their estimated market values.
- Investments in subsidiaries are valued at fair value as determined on a net asset valuation basis. The Company has determined that the reported net asset value of each subsidiary represents its fair value at the end of the reporting period.



## 7.2 Fair value hierarchy

Financial assets measured at fair value are grouped into the fair value hierarchy as follows:

	2023 US \$000 Level 1	2023 US \$000 Level 2	2023 US \$000 Level 3	2023 US \$000 Total	2022 US \$000 Level 1	2022 US \$000 Level 2	2022 US \$000 Level 3	2022 US \$000 Total
Fixed income investments	36,718	68,284	-	105,002	37,519	66,576	-	104,095
Fund investments	-	-	6,498	6,498	-	-	7,596	7,596
Public equity investments	2,032	-	-	2,032	2,281	-	-	2,281
Investments in subsidiaries	-	-	5,780	5,780	-	-	6,546	6,546
	38,750	68,284	12,278	119,312	39,800	66,576	14,142	120,518

The Company has no financial liabilities measured at fair value.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting year.

No financial assets have been transferred between different levels.





Financial assets within level 3 can be reconciled from beginning to ending balances as follows:

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiaries	
	Fund investment US \$000	Fixed Income investments US \$000	US \$000	Total US \$000
At 1 January 2022	12,435	7,584	7,196	27,215
Purchases	320	15,930	356	16,606
Settlement	(3,553)	(23,514)	-	(27,067)
Losses recognised in:				
- Profit or loss	-	-	(1,006)	(1,006)
- Other comprehensive income	(1,606)	-	-	(1,606)
At 1 January 2023	7,596	-	6,546	14,142
Purchases	1,774	-	76	1,850
Settlement	(1,997)	-	-	(1,997)
Losses recognised in:				
- Profit or loss	-	-	(842)	(842)
- Other comprehensive income	(875)	-	-	(875)
At 31 December 2023	6,498	-	5,780	12,278



The above losses recognised can be allocated as follows:

	At fair value through OCI	Investments in subsidiaries	
	Fund investment US \$000	US \$000	Total US \$000
<b>2022</b>			
<b>Profit or loss</b>			
- Financial assets held at year-end	-	(1,006)	(1,006)
<b>Other comprehensive income</b>			
- Financial assets held at year-end	(1,606)	-	(1,606)
<b>Total losses for 2022</b>	<b>(1,606)</b>	<b>(1,006)</b>	<b>(2,612)</b>

	At fair value through OCI	Investments in subsidiaries	
	Fund investment US \$000	US \$000	Total US \$000
<b>2023</b>			
<b>Profit or loss</b>			
- Financial assets held at year-end	-	(842)	(842)
<b>Other comprehensive income</b>			
- Financial assets held at year-end	(875)	-	(875)
<b>Total losses for 2023</b>	<b>(875)</b>	<b>(842)</b>	<b>(1,717)</b>



The Company has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2023 and 2022. Instead, the Company used prices from third-party pricing information without adjustment.

Fund investments within level 3 represent investments in private equity funds. Their value has been determined by each fund manager based on the funds' net asset value. Each fund's net asset value is primarily driven by the fair value of its underlying investments. In all cases, considering that such investments are measured at fair value, the carrying amounts of the funds' underlying assets and liabilities are considered as representative of their fair values.

Investments in subsidiaries have been valued based on their net asset position. The main assets of the subsidiaries represent investments in the fields of real estate which are measured at fair value and receivables from the Company itself as well as third parties. Their net asset value is considered as a fair approximation of their fair value.

A reasonable change in any individual significant input used in the level 3 valuations is not anticipated to have a significant change in fair values as above.

#### 8. Investments in subsidiaries

	2023 US \$000	2022 US \$000
<b>Unconsolidated subsidiaries</b>		
At 1 January	6,546	7,196
Additions	76	356
Fair value losses	(842)	(1,006)
At 31 December	5,780	6,546

Additions in both 2023 and 2022 relate to the fair value of amounts receivable from the Company's unconsolidated subsidiary Sandhirst Ltd, that were waived by the Company (note 22).



Details of the investments in which the Company has a controlling interest at 31 December 2023 are as follows:

Name of Subsidiary	Place of incorporation	Holding	Voting rights and shares held	Principal activity
<b>Consolidated subsidiary</b>				
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
<b>Unconsolidated subsidiaries</b>				
Livermore Properties Ltd	British Virgin Islands	Ordinary shares	100%	Holding of investments
Mountview Holdings Ltd	British Virgin Islands	Ordinary shares	100%	Investment vehicle
Sycamore Loan Strategies Ltd	Cayman Islands	Ordinary shares	100%	Investment vehicle
Livermore Israel Investments Ltd	Israel	Ordinary shares	100%	Holding of investments
Sandhirst Limited	Cyprus	Ordinary shares	100%	Holding of investments
PNG Trading Limited	Cyprus	Ordinary shares	100%	Trading in investments

PNG Trading Limited was established on 11 October 2023 as a wholly owned subsidiary of the Company. Until 31 December 2023 the subsidiary remained inactive. It became active in 2024.



## 9. Trade and other receivables

	2023 US \$000	2022 US \$000
<b>Financial items</b>		
Amounts due from related parties (note 22)	16	-
<b>Non-financial items</b>		
Prepayments	78	66
VAT receivable	8	6
	102	72

No receivable amounts have been written-off during either 2023 or 2022.

## 10. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following at the reporting date:

	2023 US \$000	2022 US \$000
<b>Demand deposits</b>	20,169	10,971
Cash at bank	20,169	10,971

The Company does not have any bank overdraft balances either at 31 December 2023 or 2022.



## 11. Share capital

### Authorised share capital

The Company has authorised share capital of 1,000,000,000 ordinary shares with no par value, and no restrictions.

Issued share capital	Number of shares	Share premium US \$000
Ordinary shares with no par value		
At 31 December 2023 and 2022	174,813,998	169,187

Treasury shares	Number of shares	US \$000
At 31 December 2022 and 2023	9,458,577	6,057

In the consolidated statement of financial position, the amount included as share premium and treasury shares comprises of:

	2023 US \$000	2022 US \$000
Share premium	169,187	169,187
Treasury shares	(6,057)	(6,057)
	163,130	163,130

## 12. Trade and other payables

	2023 US \$000	2022 US \$000
Financial items		
Trade payables	229	63
Amounts due to related parties (note 22)	3,058	3,283
Legal settlement due (note 23)	270	-
Accrued expenses	72	387
	3,629	3,733

## 13. Dividend

On 21 November 2023, the Company announced an interim dividend of USD 4.9m (USD 0.03 per share) to members on the register as at 01 December 2023. The dividend was paid on 29 December 2023.

The Board of Directors will decide future dividends based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Company relative to its NAV.



#### 14. Net asset value per share

Net asset value per share has been calculated by dividing the net assets attributable to ordinary shareholders by the closing number of ordinary shares in issue during the relevant financial periods.

	2023	2022
Net assets attributable to ordinary shareholders (USD 000)	135,837	127,725
Closing number of ordinary shares in issue	165,355,421	165,355,421
Basic net asset value per share (USD)	0.82	0.77
Number of Shares		
Ordinary shares	174,813,998	174,813,998
Treasury shares	(9,458,577)	(9,458,577)
Closing number of ordinary shares in issue	165,355,421	165,355,421

The diluted net asset value per share equals the basic net asset value per share since no potentially dilutive shares exist at 31 December 2023 and 2022.



## 15. Segment reporting

The Company's activities fall under a single operating segment.

The Company's investment income and its investments are divided into the following geographical areas:

	2023 US \$000	2022 US \$000
<b>Investment income / (losses)</b>		
Other European countries	(132)	(2,956)
United States	18,423	(16,320)
India	(7)	-
Asia	(901)	(1,696)
	17,383	(20,972)
<b>Investments</b>		
Other European countries	5,989	6,850
United States	105,854	105,577
India	140	-
Asia	7,329	8,091
	119,312	120,518

Investment income / (losses), comprising interest and distribution income as well as fair value gains or losses on investments, is allocated on the basis of the issuer's location. Investments are also allocated based on the issuer's location.

The Company has no significant dependencies, in respect of its investment income, on any single issuer.

## 16. Interest and distribution income

	2023 US \$000	2022 US \$000
Interest from investments	1,921	1,207
Distribution income	22,133	22,458
	24,054	23,665





Interest and distribution income is analysed between different categories of financial assets, as follows:

	2023			2022		
	Interest US \$000	Distribution income US \$000	Total US \$000	Interest US \$000	Distribution income US \$000	Total US \$000
<b>Financial assets at fair value through profit or loss</b>						
Fixed income investments	1,921	21,690	23,611	1,207	22,282	23,489
Public equity investments	-	443	443	-	176	176
	1,921	22,133	24,054	1,207	22,458	23,665

The Company's distribution income derives from multiple issuers. The Company does not have concentration to any single issuer.

#### 17. Fair value changes of investments

	2023 US \$000	2022 US \$000
Fair value losses on financial assets through profit or loss	(5,808)	(43,782)
Fair value losses on investments in subsidiaries	(842)	(1,006)
Fair value (losses) / gains on derivatives	(21)	151
	(6,671)	(44,637)



The investments disposed of had the following cumulative (i.e., from the date of their acquisition up to the date of their disposal) financial impact in the Company's net asset position:

	Disposed in 2023			Disposed in 2022		
	Realised (losses)/ gains* US \$000	Cumulative distribution or interest US \$000	Total financial impact US \$000	Realised (losses)/ gains* US \$000	Cumulative distribution or interest US \$000	Total financial impact US \$000
<b>Financial assets at fair value through profit or loss</b>						
Fixed income investments	513	972	1,485	(5)	524	519
Public equities	41	-	41	1,430	62	1,492
Derivatives	(21)	-	(21)	151	-	151
	533	972	1,505	1,576	586	2,162
<b>Financial assets at fair value through OCI</b>						
Private equities	(3)	-	(3)	1,553	-	1,553
	530	972	1,502	3,129	586	3,715

\* difference between disposal proceeds and original acquisition cost

## 18. Operating expenses

	2023 US \$000	2022 US \$000
Directors' fees and expenses	884	932
Other salaries and expenses	234	237
Professional fees	1,156	822
Legal expenses	6	13
Bank custody fees	156	139
Office costs	276	237
Depreciation	98	102
Other operating expenses	479	441
Audit fees	78	75
Tax fees	2	2
	3,369	3,000



Throughout 2023 the Company employed 4 members of staff (2022: 4). Two of those members are the Company's executive Directors.

Other salaries and expenses include USD 20,034 of social insurance and similar contributions (2022: USD 18,802), as well as USD 5,002 of defined contributions plan costs (2022: USD 4,508).

#### 19. Finance costs and income

	2023 US \$000	2022 US \$000
<b>Finance costs</b>		
Bank interest expense	55	36
Foreign exchange losses	20	229
	75	265
<b>Finance income</b>		
Bank interest income	156	42

#### 20. Taxation

	2023 US \$000	2022 US \$000
<b>Current tax charge</b>	231	167

The Company is a tax resident in the Republic of Cyprus and is subject to taxation under the tax laws and regulations in Cyprus.

The current tax charge relates to the results of the Company for 2023, as explained above, and the Company's consolidated subsidiary in Switzerland (note 8).



## 21. Earnings / (loss) per share

The basic earnings / (loss) per share has been calculated by dividing the profit / (loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue of the Company during the relevant financial year.

	2023	2022
Profit / (loss) for the year attributable to ordinary shareholders of the parent (USD 000)	13,888	(24,362)
Weighted average number of ordinary shares outstanding	165,355,421	165,355,421
Basic earnings / (loss) per share (USD)	0.08	(0.15)

The diluted earnings / (loss) per share equals the basic earnings / (loss) per share since no potentially dilutive shares were in existence during 2023 and 2022.



## 22. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2023 held 74.41% (2022: 74.41%) of the Company's voting rights.

	2023 US \$000	2022 US \$000	
<b>Amounts receivable from key management</b>			
Directors' current accounts	16	-	(1)
<b>Amounts payable to unconsolidated subsidiary</b>			
Livermore Israel Investments Ltd	(3,046)	(3,046)	(2)
<b>Amounts payable to key management</b>			
Directors' current accounts	(12)	(88)	(2)
<b>Amounts payable to other related party</b>			
Loan payable	-	(149)	(3)
<b>Key management compensation</b>			
<b>Short term benefits</b>			
Executive Directors' fees	795	795	(4)
Non-executive Directors' fees	89	87	
Non-executive Directors' reward payments	-	50	
Other key management fees	408	385	(5)
	1,292	1,317	

- (1) The Directors' current accounts with debit balances are interest free, unsecured, and have no stated repayment date.
- (2) The amounts payable to unconsolidated subsidiary and Directors current accounts with credit balances are interest free, unsecured, and have no stated repayment date.
- (3) A loan of USD 0.149m was payable to a related company (under common control) Chanpak Ltd. During 2023, the right to receive the loan amount was assigned by Chanpak Ltd to Noam Lanir. At the same time, the Company agreed with Noam Lanir to transfer the outstanding loan amount to his Director current account. This loan in 2022 was included within trade and other payables (note 12).
- (4) These payments were made directly to companies which are related to the Directors.
- (5) Other key management fees are included within professional fees (note 18).

During 2023, the Company waived a receivable amount of USD 0.076m from its subsidiary Sandhirst Ltd, as a means of capital contribution to the subsidiary. Similarly in 2022, the Company waived a receivable amount of USD 0.356m, as a means of capital contribution to the subsidiary (note 8).



No social insurance and similar contributions nor any other defined benefit contributions plan costs were incurred for the Company in relation to its key management personnel in either 2023 or 2022.

## 23. Litigation

### Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Company used faced a litigation in a US court with a claim up to USD 2.1m plus interest and related legal fees, with regards to the redemption of shares in Fairfield Sentry Ltd, which were bought in 2008 at the request of Livermore and on its behalf. If the claim proved to be successful, Livermore would have to compensate the custodian bank since the transaction was carried out on Livermore's behalf. The same case was also filed in BVI where the Privy Council ruled against the plaintiffs.

In December 2023, Livermore came into an out-of-court settlement agreement for USD 0.27m, which was fully paid in January 2024.

## 24. Commitments

The Company has expressed its intention to provide financial support to its subsidiaries, where necessary, to enable them to meet their obligations as they fall due.

Other than the above, the Company has no capital or other commitments at 31 December 2023.

## 25. Financial risk management objectives and policies

### Background

The Company's financial instruments comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets and liabilities at amortised cost that arise directly from its operations. For an analysis of financial assets and liabilities by category, refer to note 26.

### Risk objectives and policies

The objective of the Company is to achieve growth of shareholder value, in line with reasonable risk, taking into consideration that the protection of long-term shareholder value is paramount. The policy of the Board is to provide a framework within which the investment manager can operate and deliver the objectives of the Company.

### Risks associated with financial instruments

#### Foreign currency risk

Foreign currency risks arise in two distinct areas which affect the valuation of the investment portfolio:

- 1) where an investment is denominated and paid for in a foreign currency; and
- 2) where an investment has substantial exposure to non-US Dollar underlying assets or cash flows denominated in a foreign currency.

The Company in general does not hedge its currency exposure. The Company discretionally and partially hedges against foreign currency movements affecting the value of the investment portfolio based on its view on the relative strength of certain currencies. Any hedging transactions represent economic hedges; the Company does not apply hedge accounting in any case. Management monitors the effect of foreign currency fluctuations through the pricing of the investments. The Company's exposure to financial instruments denominated in foreign



currencies is the following:

	2023 US \$000	2023 US \$000	2023 US \$000	2022 US \$000	2022 US \$000	2022 US \$000
	Financial assets	Financial liabilities	Net value	Financial assets	Financial liabilities	Net value
British Pounds (GBP)	2,867	-	2,867	2,624	(122)	2,502
Euro	2,083	(58)	2,025	127	(89)	38
Swiss Francs (CHF)	10	(88)	(78)	1,509	(70)	1,439
Israel Shekels (ILS)	4,690	(3,046)	1,644	5,451	(3,046)	2,405
Japanese Yen (JPY)	4,661	-	4,661	-	-	-
Others	21	-	21	-	-	-
<b>Total</b>	<b>14,332</b>	<b>(3,192)</b>	<b>11,140</b>	<b>9,711</b>	<b>(3,327)</b>	<b>6,384</b>

Also, some of the USD denominated investments are backed by underlying assets which are invested in non-USD assets. For instance, investments in certain emerging market private equity funds are denominated in USD but the funds in turn have invested in assets denominated in non-USD currencies.

A 10% increase of the following currency rates against the rate of United States Dollar (USD) at 31 December 2023 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2023 US \$000	2023 US \$000	2023 US \$000	2022 US \$000	2022 US \$000	2022 US \$000
	Profit or loss	Other comprehensive income	Equity	Profit or loss	Other comprehensive income	Equity
British Pounds (GBP)	194	93	287	250	-	250
Euro	202	-	202	4	-	4
Swiss Francs (CHF)	(8)	-	(8)	144	-	144
Israel Shekels (ILS)	164	-	164	240	-	240
Japanese Yen (JPY)	466	-	466	-	-	-
<b>Total</b>	<b>1,018</b>	<b>93</b>	<b>1,111</b>	<b>638</b>	<b>-</b>	<b>638</b>

The above analysis assumes that all other variables in particular, interest rates, remain constant.

#### Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing instruments which are



affected by changes in market interest rates.

At 31 December 2023 and 31 December 2022, the Company had no financial liabilities that bore an interest rate risk.

Interest rate changes will also impact equity prices. The level and direction of changes in equity prices are subject to prevailing local and world economics as well as market sentiment all of which are very difficult to predict with any certainty.

The Company has fixed and floating rate financial assets including bank balances that bear interest at rates based on the banks floating interest rates. In particular, the fair value of the Company's fixed rate financial assets is likely to be negatively impacted by an increase in interest rates. The interest income of the Company's floating rate financial assets is likely to be positively impacted by an increase in interest rates.

The Company has exposure to US bank loans through CLO equity tranches as well as through warehousing facilities. An investment in the CLO equity tranche or first loss tranche of a warehouse represents a leveraged investment into such loans. As these loans (assets of a CLO) and the liabilities of a CLO are floating rate in nature (typically 3-month LIBOR as the base rate), the residual income to CLO equity tranches and warehouse first loss tranches is normally linked to the floating rate benchmark and thus normally do not carry substantial interest rate risk.

The Company's financial assets affected by interest rate changes are as follows:

	2023 US \$000	2022 US \$000
<b>Financial assets – subject to:</b>		
- fair value changes	4,067	4,616
- interest changes	20,169	10,971
<b>Total</b>	<b>24,236</b>	<b>15,587</b>





An increase of 1% (100 basis points) in interest rates would have the following impact in profit or loss and consequently to equity as well. An equivalent decrease would have an approximately equal but opposite impact. There would be no impact in other comprehensive income.

	2023 US \$000 Profit or loss	2022 US \$000 Profit or loss
<b>Financial assets:</b>		
- fair value changes	(533)	(657)
- interest changes	202	110
<b>Total</b>	<b>(331)</b>	<b>(547)</b>

The above analysis assumes that all other variables, in particular currency rates, remain constant.

#### Market price risk

By the nature of its activities, most of the Company's investments are exposed to market price fluctuations. The Board monitors the portfolio valuation on a regular basis and consideration is given to hedging or adjusting the portfolio against large market movements.

The Company had no single major financial instrument that in absolute terms and as a proportion of the portfolio could result in a significant reduction in the NAV and share price. Due to the very low exposure of the Company to public equities, and having no specific correlation to any market, the equity price risk is low. The portfolio as a whole does not correlate exactly to any Index.

Management of risks is primarily achieved by having a diversified portfolio to spread the market price risk. The Company mainly has investments in CLO equity tranches as well as first loss tranches of warehouse facilities. Investments in the equity tranche of US CLOs represent a levered exposure to senior secured corporate loans in the US, and are thus subject to many risks including but not limited to lack of liquidity, credit or default risk, and risks related to movements in market prices as well as the variations of risk premium in the market.

Prices of these CLO investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in prevailing credit spreads and yield expectations, interest rates, underlying portfolio credit quality and market expectations of default rates on non-investment grade loans, general economic conditions, financial market conditions, legal and regulatory developments, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors that constitute the underlying portfolio.

A 10% uniform change in the value of the Company's portfolio of financial assets would result in a 8.35% change in the net asset value at 31 December 2023 (2022: 6.67%), and would have the following impact in profit or loss and consequently to equity as well (either positive or negative, depending on the corresponding sign of the change). There would be no impact in other comprehensive income.



	2023 US \$000	2023 US \$000	2022 US \$000	2022 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets at fair value through other comprehensive income	-	650	-	760
Financial assets at fair value through profit or loss	10,699	-	7,758	*
	10,699	650	7,758	760

### Derivatives

The Investment Manager may use derivative instruments in order to mitigate market risk or to take a directional investment. These provide a limited degree of protection and would not materially impact the portfolio returns if a large market movement did occur.

No derivatives were held either at 31 December 2023 or 2022.

### Credit risk

The Company invests in a wide range of securities with various credit risk profiles including investment grade securities and sub investment grade positions. The investment manager mitigates the credit risk via diversification across issuers. However, the Company is exposed to a migration of credit rating, widening of credit spreads and default of any specific issuer.

The Company only transacts with regulated institutions on normal market terms which are trade date plus one to three days. The levels of amounts outstanding from brokers are regularly reviewed by the management. The duration of credit risk associated with the investment transactions is the period between the date the transaction took place, the trade date and the date the stock and cash are transferred, the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction.

The Company is mainly exposed to credit risk in respect of its fixed income investments (mainly CLOs) and to a lesser extent in respect of its financial assets at amortised cost, and other instruments held for trading (perpetual bonds).

The Company has exposure to US senior secured loans and to a lesser degree emerging market loans through CLO equity tranches as well as warehouse first loss tranches. These loans are primarily non-investment grade loans or interests in non-investment grade loans, which are subject to credit risk among liquidity, market value, interest rate, reinvestment and certain other risks. It is anticipated that these non-investment grade loans generally will be subject to greater risks than investment grade corporate obligations.

A non-investment grade loan or debt obligation or an interest in a non-investment grade



loan is generally considered speculative in nature and may become a defaulted security for a variety of reasons. A defaulted security may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted security. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted security. Bank loans have historically experienced greater default rates than has been the case for investment grade securities.

The Company has no investment in sovereign debt at 31 December 2023 or 2022.

No collaterals are held by the Company itself in relation to the Company's financial assets subject to credit risk.

The Company's maximum credit risk exposure at 31 December 2023 and 2022 is as follows:

	2023 US \$000	2022 US \$000
<b>Financial assets:</b>		
At amortised cost		
Trade and other receivables	16	-
Cash at bank	20,169	10,971
At fair value through profit or loss	104,955	104,099
	<b>125,140</b>	<b>115,070</b>

The fair values of the above financial assets at fair value through profit or loss are also affected by the credit risk of those instruments. However, it is not practical to provide an analysis of the changes in fair values due to the credit risk impact for the year or previous periods, nor to provide any relevant sensitivity analysis.

At 31 December 2023 and 2022 the credit rating distribution of the Company's asset portfolio subject to credit risk was as follows:



Rating	2023		2022	
	US \$000	Percentage	US \$000	Percentage
AA+	32,651	26.1%	28,800	25.0%
AA	11,932	9.5%	9,812	8.5%
A	6,266	5.0%	446	0.5%
B	3,979	3.2%	5,347	4.6%
B+	765	0.6%	735	0.6%
BB	2,466	2.0%	6,108	5.3%
BB+	845	0.7%	842	0.7%
BBB	1,746	1.4%	908	0.8%
BB-	10,402	8.3%	805	0.7%
BBB-	4,999	4.0%	618	0.6%
Not Rated	49,089	39.2%	60,649	52.7%
	125,140	100%	115,070	100%

Included within "not rated" amounts are investments in loan market through CLOs (equity tranches) of USD 49.073m (2022: CLOs of USD 60.649m).

The modelled internal rates of return on the CLO portfolio as well as the warehouse first loss tranches are in low teens percentage points.

#### Liquidity risk

The following table summarizes the contractual cash outflows in relation to the Company's financial liabilities according to their maturity.

	Carrying amount US \$000	Less than 1 year US \$000
<b>31 December 2023</b>		
Trade and other payables	3,629	3,629
<b>31 December 2022</b>		
Trade and other payables	3,733	3,733



A small proportion of the Company's portfolio is invested in mid-term private equity investments with low or no liquidity. The investments of the Company in publicly traded securities are subject to availability of buyers at any given time and may be very low or non-existent subject to market conditions.

There is currently no exchange traded market for CLO securities and they are traded over-the-counter through private negotiations or auctions subject to market conditions. Currently the CLO market is liquid, but in times of market distress the realization of the investments in CLOs through sales may be below fair value.

Management takes into consideration the liquidity of each investment when purchasing and selling in order to maximise the returns to shareholders by placing suitable transaction levels into the market.

At 31 December 2023, the Company had liquid investments totalling USD 127.2m, comprising of USD 20.2m in cash and cash equivalents, USD 68.3m in investments in loan market through CLOs, USD 36.7m in other fixed income investments, USD 2.0m in public equities. Management structures and manages the Company's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Company's treasury function.

#### Capital management

The Company considers its capital to be its total equity (i.e., its share capital and all of its reserves).

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between its net debt and equity. As at 2023 the Company has no borrowings. During 2022, the Company's only borrowing is a loan payable to a related party of USD 0.149m (note 22) and therefore to a significant extent it is capital funded.

Net debt to equity ratio is calculated using the following amounts as included on the consolidated statement of financial position, for the reporting periods under review:

	2023 US \$000	2022 US \$000
Borrowings	-	149
Cash at bank	(20,169)	(10,971)
Net Debt	(20,169)	(10,822)
Total equity	135,837	127,725
Net debt to equity ratio	(0.15)	(0.08)



## 26. Financial assets and liabilities by class

	Note	2023 US \$000	2022 US \$000
<b>Financial assets:</b>			
Financial assets at amortised cost	9, 10	20,185	10,971
Financial assets at fair value through profit or loss	4	107,034	106,376
Financial assets designated at fair value through other comprehensive income	5	6,498	7,596
		133,717	124,943
<b>Financial liabilities:</b>			
Financial liabilities at amortised cost	12	3,629	3,733

The carrying amount of the financial assets and liabilities at amortised cost approximates to their fair value.

## 27. Events after the reporting date

The following non-adjusting event occurred after 31 December 2023:

- During 2024 the Company invested an amount of USD 24.7m to two new warehouse facilities. Both warehouses are still open as at the date of approval of these financial statements.

There were no other material events after the end of the reporting year, which have a bearing on the understanding of these financial statements.



# Shareholder Information

## Registrars

All enquiries relating to shares or shareholdings should be addressed to:

Link Asset Services  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
Telephone: 0871 664 0300  
Facsimile: 020 8639 2342

## Change of Address

Shareholders can change their address by notifying Link Asset Services in writing at the above address.

## Website

[www.livermore-inv.com](http://www.livermore-inv.com)

The Company's website provides, amongst other things, the latest news and details of the Company's activities, share price details, share price information and links to the websites of our brands.

## Direct Dividend Payments

Dividends can be paid automatically into shareholders' bank or building society accounts. Two primary benefits of this service are:

- There is no chance of the dividend cheque going missing in the post; and
- The dividend payment is received more quickly because the cash sum is paid directly

into the account on the payment date without the need to pay in the cheque and wait for it to clear. As an alternative, shareholders can download a dividend mandate and complete and post to Link Asset Services.

## Lost Share Certificate

If your share certificate is lost or stolen, you should immediately contact Link Asset Services on 0871 664 0300 who will advise on the process for arranging a replacement.

## Duplicate Shareholder Accounts

If, as a shareholder, you receive more than one copy of a communication from the Company you may have your shares registered in at least two accounts. This happens when the registration details of separate transactions differ slightly. If you wish to consolidate such multiple accounts, please call Link Asset Services on 0871 664 0300.

Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or sell the Company's shares.



# Corporate Directory

## Secretary

Chris Sideras

## Registered Office

Trident Chambers  
PO Box 146  
Road Town  
Tortola  
British Virgin Islands

## Company Number

475668

## Registrars

Link Asset Services  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
England

## Auditor

Grant Thornton (Cyprus) Ltd  
41-49, Agiou Nicolaou Street  
Nemeli Court – Block C  
2408 Engomi Nicosia

## Solicitors

Travers Smith  
10 Snow Hill  
London  
EC1A 2AL  
England

## Broker

Zeus Capital Limited  
125 Old Broad Street  
London  
EC2N 1AR  
England

## Nominated And Financial Adviser

Strand Hanson Limited  
26 Mount Row  
London  
W1K 3SQ  
England

## Principal Bankers

### Banque J. Safra Sarasin (Luxembourg) SA

17 - 21, Boulevard Joseph II L-1840  
Luxembourg

### CBH Compagnie Bancaire Helvétique SA

Löwenstrasse 29 Zurich 8021  
Switzerland

### Credit Suisse AG

Seeefdstrasse 1  
Zurich 8070  
Switzerland

### UBS AG

Paradeplatz 6  
CH-8098 Zürich  
Switzerland

### Bank Julius Baer & Co. Ltd.

Bahnhofstrasse 36,  
CH-8010 Zurich,  
Switzerland





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