LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2022

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Highlights

- Net loss for the year was USD 24.4m (2021: net profit of USD 24.7m).

- Net Asset Value per share declined to USD 0.77 (2021 USD 1.07) after paying USD 24m interim dividend implying a net return of -16.7% for the year.

- The Company is conservatively positioned with over USD 43.9m of cash deposits and Government bonds.

- On 5 January 2022, the Company announced an interim dividend of USD 24m (USD 0.145 per share) to members on the register on 14 January 2022. The dividend was paid on 7 February 2022.

- Collateralized Loan Obligations (CLO) portfolio and warehouse generated USD 23.2m in cash distributions and a total net negative return of USD 19.8m in 2022.

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 2022. 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.

2022 was a challenging year for the global economy. Inflation across most developed countries rose to multi-decade highs and geopolitical tensions increased with Russia's attack on Ukraine. Sanctions applied to Russia and loss of production in Ukraine further increased energy and agricultural commodity prices. Developed economy central banks were forced to apply the economic breaks and increase interest rates in order to contain inflation. Financial markets declined with both fixed income and equity markets recording significant losses in 2022. The US Dollar rallied sharply against most currencies in the first three quarters as the US Federal Reserve led the monetary policy tightening race.

In anticipation of sharp interest rate increases and the potential for higher default and credit losses, management positioned the Company to be able to reduce risk, and rapidly and successfully converted its two open warehouses into new issue CLOs at amongst the lowest financing costs in 2022. Over the year, the Company increased its cash, deposit, and government bond position from USD 21.1m after paying a USD 24m interim dividend in January 2022 to USD 43.9m by year-end. Management believes that a high liquidity position will allow the Company to benefit from opportunistic trading and price dislocations as and when they appear during the process of inflation normalisation.

The US senior secured loan and CLO market is directly exposed to rising interest rates. Management anticipates higher borrowing costs for loan issuers, higher default rates and potentially significant rating downgrades – all of which are negative for the Company's CLO equity portfolio. This was also reflective in the valuation declines of USD 42.7m during the year. Overall, the Company received USD 23.2m in cash distributions from its CLO and warehousing portfolio resulting in a net negative contribution of USD 19.8m to the financial statements. Most of these declines occurred in the first half of the year.

Our net loss for the year was USD 24.4m (2021 net profit: USD 24.7m) and the year-end NAV was USD 0.77 per share (2021 NAV: USD 1.07 per share) after paying a dividend payment of USD 24m (USD 0.145 per share).

The Company ended the year with over USD 43.9m of cash invested mainly in deposits and US government debt.

Financial Review

The NAV of the Company on 31 December 2022 was USD 127.7m (2021: USD 177.7m). Net loss, during the year was USD 24.4m, which represents loss per share of USD 0.15. Operating expenses were USD 3.0m (2021: USD 8.6m).

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

	31 December 2022 US $m	31 December 2021 US $m
Shareholders' funds at beginning of year	177.7	163.9
Income from investments	23.7	27.5
Unrealised (losses) / gains on investments	(46.3)	9.4
Unrealised exchange gains	-	0.1
Operating expenses	(3.0)	(8.6)
Net finance costs	(0.2)	(0.4)
Tax charge	(0.2)	(0.1)
(Decrease) / increase in net assets from operations	(26.0)	27.9
Dividends paid	(24.0)	(8.0)
Issuance / purchase of own shares	-	(6.1)
Shareholders' funds at end of year	127.7	177.7
Net Asset Value per share	US $0.77	US $1.07

Dividend & Buyback

On 5 January 2022, the Company announced an interim dividend of USD 24m (USD 0.145 per share) to members on the register as at 14 January 2022. The dividend was paid on 7 February 2022.

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

19 May 2023

Review of Activities

Introduction and Overview

High and rising inflation coupled with Russia's attack on Ukraine and the resulting disruptions to energy and commodity markets drove central banks in developed economies to rapidly tighten monetary policy in 2022. Strong economic momentum from 2021 slowed down in 2022 and financial markets declined sharply in the first half of the year. The safe government bond markets also suffered their largest declines in decades as record low yields collided with the sharpest increases.

During the year, the S&P 500 Index declined by 18.1%, marking its largest fall since the global financial crisis, and the 10-year US Treasury note generated negative returns of 16.9%. European markets were particularly hard hit as energy prices skyrocketed due the Russia's war on Ukraine. Chinese markets continued to decline as the Chinese government continued their "Covid-zero" lockdown policies until October 2022. The Hang Seng Index declined by 15.6% in 2022, but was down over 35% before recovering sharply after the government announced they would loosen their lockdown policy. The US Dollar increased in value against most currencies as investors sought safety and the US Federal Reserve was the most aggressive in raising rates amongst the developed market economies.

Fixed Income markets fared poorly on account of higher interest rates and concerns about the economic outlook. The Bloomberg US Corporate Total Return index lost 15.76% and the High Yield Total Return lost 11.19% in 2022. The US leveraged loan market performed much better losing only 1.06% as their floating rate characteristics protected investors from interest rate risk. At the same time, the future outlook for leveraged loan borrowers is concerning as they face rising interest burdens in the near term. We expect higher default rates and potentially lower recoveries from weaker borrowers if the US economy enters a recessionary environment.

CLOs equity had a poor year as anticipation of higher default rates due to higher interest rates affected prices significantly, especially those positions that were out of or close to their reinvestment end dates. CLO debt tranche spreads also widened sharply. Management anticipated this reaction and promptly converted its two open warehouses into new issue CLOs. Over the course of the year, management did not reinvest the dividends received from CLOs and increased its cash and marketable securities position significantly. Cashflows from CLO equity remained strong but were lower on account of loss of the Libor floor benefit and also the increased basis between 1-month and 3-month Libor. Over the past few years, most CLO assets (loans) have switched to pay on a monthly basis with a 1-month Libor base rate setting whereas CLO liabilities pay on a quarterly basis with a 3-month Libor base rate setting. In 2022, the basis between 1-month and 3-month Libor widened to very high levels as the market priced in larger than normal rate increases by the US Federal Reserve resulting in CLO liabilities being paid at higher base rates than the income received from CLO assets and therefore CLO equity received smaller distributions than anticipated in early 2022. Further, CLO equity received higher than normal distributions in 2021 as most assets came with a Libor floor whereas CLO liabilities did not have this benefit. When 3m Libor turned higher than the average floor on the assets in 2022, this benefit to CLO equity was eroded. While credit spreads have widened and loan prices have declined, defaults in the loan market stayed low in 2022. However, we expect higher default and stressed situations in 2023. At the same time, lower loan prices allowed CLO managers to build excess par which should offset some losses from defaults in the future. We are positioned conservatively with mostly recent vintage CLOs with long reinvestment periods that are expected to perform better. Further, our high cash position should enable us to take advantage of opportunities in the secondary markets in the near to mid-term. During the year, the CLO and warehouse portfolio generated USD 23.2m in cash distributions.

For the 2022 year-end, the Company reported a NAV/share of USD 0.77 after a dividend payment of USD 24m (USD 0.145 per share) and net loss of USD 24.4m. Interest and distribution income amounted to USD 23.7m, of which, USD 23.2m was generated from the CLO and warehousing portfolio. The net loss of the CLO and warehousing portfolio was USD 19.8m as mark-to-market changes offset distributions from the portfolio. Management redeemed USD 2.0m from the digital assets focussed fund in 2022. Operating expenses amounted to USD 3.0m. The Company ended the year with over USD 43.9m of cash, deposits, and investments in US treasury bills after paying an interim dividend of USD 24m in February 2022.

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

The global economy slowed down in 2022, and inflation in advanced economies continued to rise. This was due to a combination of factors, including supply bottlenecks, renewed waves of the pandemic, and Russia's attack on Ukraine. The resulting decline in consumer and business sentiment led to weakened demand and purchasing power, and financial conditions became more restrictive as central banks tightened monetary policy. Bond yields rose, and stock markets suffered losses. Differences in the scale and pace of monetary policy tightening by central banks led to larger movements on foreign exchange markets, with the US dollar strengthening against most currencies. While international supply chain problems eased gradually, global demand momentum declined in the second half of the year, weighing on global trade. Commodity prices fluctuated strongly, especially for energy sources.

USA: In 2022, the US economy slowed due to high inflation, tighter monetary policy, and less expansionary fiscal policy. Real GDP fell in the first half of 2022, however rose at a 3% pace in the second half. Consumer spending endured to rise, supported by savings accumulated during the pandemic. Despite the slowdown, the labour market remained strong, with above-average growth in employment and low unemployment rates at 3.5%. Inflation in advanced economies, including the US, continued to rise, with energy and food prices being key drivers due to war in Ukraine. In the US, inflation stood at 8.0% in contrast to 4.7% in 2021, the highest seen in around 40 years. The personal consumption expenditures (PCE) price index rose to 6.2% over the 12 months ending in December, and the index that excludes food and energy items (so-called core inflation) was up 5.0%. Due to high inflation and a strong labour market, the Federal Reserve significantly tightened its monetary policy, raising its policy rate by a total of 4.25 percentage points ending the year at 4.25 – 4.50%. Further, the Federal Reserve started reducing its balance sheet and signalled additional interest rate hikes to curb inflation.

Eurozone: In 2022, the euro area's GDP grew by 3.5%, although growth slowed down over the year due to higher inflation caused by Russia's attack on Ukraine and reduced gas deliveries. The labour market remained favourable, and the unemployment rate reached a historical low of 6.6% in December. Headline inflation rose to 8.4%, driven by higher energy and food prices, while core inflation reached 5.2%, reflecting higher inflation in services and price increases for various goods. The ECB raised its key rates gradually from July, and in December, its deposit facility rate reached 2.0%. The ECB discontinued its net asset purchases under the Pandemic Emergency Purchase Program in March, and under the Asset Purchase Program in July, with plans to gradually reduce the asset portfolio in 2023. However, the ECB approved the Transmission Protection Instrument in July to combat a tightening in financing conditions not warranted by fundamentals that impedes the transmission of monetary policy.

Japan: Japan's GDP grew by 1.1% in 2022 due to the expansionary monetary and fiscal policy. Economic activity fluctuated as a result of the repeated waves of the pandemic and procurement problems in the automotive industry in the first half of the year. Rising inflation led to a loss in real income and dampened the recovery in consumption. The unemployment rate declined marginally and stood at 2.5% in December, still higher than before the pandemic. Consumer prices rose by 2.5%. Inflation fluctuated significantly over the course of 2022, being slightly positive (0.2%) in the first half of the year but rose again and stood at 1.5% in December. The Bank of Japan (BoJ) maintained its highly accommodative monetary policy throughout 2021 and left its short-term deposit rate at -0.10% and the target for the 10-year government bond yields to 0%. However, In December, the BoJ decided to expand the range of fluctuation for long-term bond yields to improve market functioning.

China: In 2022, China's GDP growth was modest at 3.0% due to the impact of the coronavirus pandemic and containment measures taken as part of zero-COVID policy. Ongoing crisis in the residential real estate market weight on the economy, hence increasing unemployment. To support the economy, the Chinese government announced measures such as infrastructure investment, tax relief for companies, and support for the real estate market. Inflation in China stood at 2.0%, with higher food prices being the primary driver. Core inflation remained essentially unchanged at 0.9%. The People's Bank of China lowered policy interest rates slightly in January and August, including a 0.2 percentage point reduction in the reverse repo rate to 2.0%, lowered reserve requirement ratio for banks and used targeted monetary policy instruments to support the economy.

Commodities: Commodity prices were affected by the war in Ukraine and the sanctions imposed on Russia. At the beginning of the year, a barrel of Brent crude cost just under USD 80, rose to USD 130 per barrel in March; and at the end of the second quarter 2022, the price of Brent crude hovered around USD 110 per barrel, thus remaining considerably higher than at the beginning of the year. As the global supply of oil increased thereafter and demand weakened in the wake of the economic slowdown, the oil price fell again and stood at slightly over USD 80 at the end of 2022. In Europe, natural gas and electricity prices rose strongly, in particular due to a reduction in the supply of gas from Russia. Energy-saving measures and well-stocked gas storage facilities contributed to the situation easing again somewhat towards the end of the year. Industrial metal prices also fluctuated strongly over the course of 2022, closing slightly lower than at the beginning of the year.

Equities and Bonds: In 2022, global financial markets experienced volatility and decline due to several factors, including the ongoing COVID-19 pandemic, supply chain issues, inflation, political instability, and energy price concerns following Russia's invasion of Ukraine. A midterm US election shifted more power to Republicans but left Democrats in a stronger position than some had expected. Despite some rallies, the S&P 500 Index fell by 18.1%, its worst annual return since 2008, and global stock markets ended with their largest declines since the financial crisis. Global equities, as measured by the MSCI All Country World Index, fell 18.4%. Developed international stocks, as represented by the MSCI World ex USA Index, lost 14.3%, while emerging markets declined even further, with the MSCI Emerging Markets Index down 20.1%. Small capitalization stocks performed slightly better than large cap stocks. Cryptocurrencies and technology stocks were hit hard, with bitcoin falling to about 75% lower than its high in November 2021 and the large mega-cap tech stocks losing trillions in market value. Benchmark US Treasuries also posted their worst annual returns in decades, with 10-year Treasury notes losing 16.3%, reflecting the rare occurrence of tandem declines for equities and fixed income. The yield curve was inverted at year's end, with the 2-year yield just above 4.4%, being higher than the 10-year yield just below 3.9%, reflecting the higher short-term rates. The Morningstar U.S. Corporate Bond Index had its worst decline in the 23-year history of the benchmark with a 15.7% loss.

Foreign exchange: The broad dollar index—a measure of the trade-weighted value of the dollar against foreign currencies—continued to rise over the summer and through the beginning of the fourth quarter. Widening yield differentials between the U.S. and the rest of the world and concerns around foreign growth pushed the dollar higher through October of last year, prompting several central banks, especially in Asia, to intervene in foreign exchange markets to support their currencies. Since peaking in October, the dollar has largely retraced those gains, reflecting softer inflation data in the U.S., tighter monetary policy abroad, and better prospects for foreign economic growth. Still, the broad dollar index remains stronger than it was in early 2021. After reaching multidecade lows against the dollar in October, the Japanese yen rebounded following the adjustment of the Bank of Japan's yield curve control policy.

Loan Market: The Credit Suisse Leverage Loan Index (CSLLI) generated a negative total return of -1.06% in 2022, which is only the third negative year for the CSLLI in its 31-year history. However, the loan asset class has shown greater resilience and outperformance compared to other risk assets such as equities, high-yield, and investment grade. The loan market experienced significant price volatility due to inflation, recessionary fears, and rate hikes, with lower-rated loans underperforming their higher quality peers. Retail loan funds experienced regular net outflows throughout the year, as mutual funds and ETF investors rotated out of risk assets. During the year, net inflows into loan mutual funds and ETFs amounts to net outflows of USD 13 billion, compared to net inflows of USD 47 billion in 2021. Institutional loan issuance totalled USD 225 billion in 2022, down from a record USD 614 billion in 2021, with the total market size swelling to USD 1.41 trillion. Loan refinancing activity meaningfully increased in the fourth quarter. The twelve-month trailing default rate fell to 0.72% at year-end, and the loan prepayment rate remained in the mid-teens throughout 2022, allowing CLOs to reinvest those proceeds into attractive loans at higher spreads and lower prices, creating significant value within a CLO.

CLO Market: The CLO market was not immune to the broader investment environment. CLO debt tranche spreads widened significantly during the year impeding what would have been a record year of issuance after a record breaking 2021. Still, the CLO market saw USD 129bn of new issuance – the second highest of record. This despite poor arbitrage (difference between spread of loan assets and the spread of CLO debt tranches). Most of the issuance was due to investors stuck in warehouses open prior to the Russian attack on Ukraine and the remaining from investors attempting to capture loan price discounts during period of volatility. The refinancing and reset market remained on pause as debt spreads were wider than on existing tranches.

CLO equity distributions stayed consistent in 2022 but were lower on account of loss of Libor floor benefit and the abnormally large difference between 1-month and 3-month Libor due to large anticipated rate increases by the US Federal Reserve.

As we look ahead in 2022, we expect higher stress from the loan universe continuing to pressure CLO equity and lower mezzanine positions. At the same time, we expect to see significant opportunities in the secondary market.

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 117.4m as of 31 December 2022, 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 2022.

Name	2022 US $m	2021 US $m
Investment in the loan market through CLOs	66.6	101.7
Open Warehouse facilities	-	7.6
Public equities	2.3	10.0
Short term government bonds	24.6	
Long term government bonds	8.3	-
Corporate bonds	4.6	
Invested total	**106.4**	**119.3**
Cash	**11.0**	**45.1**
Total	**117.4**	**164.4**

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 2022, US leveraged loans were the best performer in the fixed income asset class. The Credit Suisse Leverage Loan Index ("CSLLI") generated a total return of -1.06% in 2022, its third negative year in its 30+ years of existence. The floating-rate characteristics of leveraged loans protected investors from rising interest rates. Although leveraged loans typically have low volatility, 2022 was an outlier experiencing significant swings during the course of the year.

Institutional loan issuance was USD 225 billion (2021: USD 614 billion) as capital markets remained muted in the face of significant rate and credit spread volatility. While new issue activity was relatively low, the fourth quarter saw higher quality issuers refinancing and extending maturities of their outstanding loans. As a result, most of the maturities are in 2025 and beyond.

Institutional loan issuance totalled USD 225 billion in 2022, compared to a record USD 614 billion in 2021. Total institutional loans outstanding stood at $1.41 trillion as of December 31, 2022, up slightly from USD 1.35 trillion at the beginning of the year. While primary issuance remained limited in the fourth quarter, loan refinancing activity meaningfully increased as U.S. corporates rushed to address upcoming maturities before year-end, including large par repayments from higher quality issuers

Loan defaults stayed relatively low in 2022, but the twelve-month trailing default rate increased to 0.72% as at year end 2022 from the 0.29% at the beginning of the year. The historical long-term default rate is around 2.7%. As interest rates rise higher, we anticipate the default rate to increase towards historical averages over the near to mid-term.

Despite declining loan issuance and widening CLO liabilities, the CLO market ended 2022 with its second highest annual new issuance on record, at a total volume of USD 129 billion. Most of this activity was driven by warehouses open coming into the year as investors contended with very low returns to term out their financing, as well as opportunistic issuance to take advantage of significant loan price drops during certain periods.

With a significant share of high-quality issuers trading at discounted prices, CLO collateral managers were well positioned to improve underlying loan portfolios through relative value credit selection in the secondary market, as well as take advantage of a high-quality primary market, at discounted prices.
Despite the loan price volatility and widening credit spreads, CLO equity distributions were not disrupted. However, the distributions were lower than initially anticipated at the beginning of the year on account of loss of Libor floor benefit and the rising basis between 1-month and 3-month Libor. Many loan borrowers took advantage of a lower 1-month rate, while CLO liabilities pay at the 3-month rate. As this mismatch resolves with slowing pace of rate increases, we believe equity distributions will increase for many CLOs over the coming quarters.

Our CLO portfolio was also negatively affected during 2022. Despite significant and consistent cashflow, valuations of CLO equity positions declined meaningfully due to wider spreads, higher anticipated defaults and low liquidity. During the year, the CLO and warehouse portfolio generated USD 23.2m in cash distributions but valuations declined by USD 42.7m resulting in a negative return of USD 19.8m. Management anticipated a negative reaction from the expected inflation fight and promptly converted its two open warehouses into new issue CLOs in the first four months of the year. This transaction recorded the lowest cost of debt for 2022 vintage CLOs. Over the course of the year, management did not reinvest the dividends received from CLOs and increased its cash and marketable securities position significantly. While credit spreads have widened and loan prices have declined, defaults in the loan market stayed low in 2022. However, we expect higher default and stressed situations in 2023. At the same time, lower loan prices allowed CLO managers to build excess par (i.e. buying CLO eligible loans at prices below par but receive par treatment for the purposes of CLO over-collateralization tests) which should offset some losses from defaults in the future. We are positioned conservatively with mostly recent vintage CLOs with long reinvestment periods that are expected to perform better. Further, our high cash position should enable us to take advantage of opportunities in the secondary markets in the near to mid-term.

As of the end of the year, all of the Company's US CLO equity positions were passing their Junior Overcollateralization (OC) tests. Management continues to actively monitor the CLO portfolio and position it towards longer reinvestment periods through recycling old CLOs into new or refinancing them with extended reinvestment periods, as well as conducting relative value and opportunistic trading.

From July 2023, Libor is expected to cease to exist. In the US, SOFR (Secured Overnight Funding Rate) will be the base rate for most floating rate contracts. Most US CLOs are expected to transition their liabilities to term SOFR plus a credit spread adjustment as per the Libor transition language in their respective documents. Most US Leveraged Loans are also expected to transition to SOFR but the timing of such transitions may not match the transition of CLO liabilities. This may introduce a Libor-SOFR basis for a short period of time.

As we look ahead, we expect the interest rates staying high to combat high inflation. Although leverage loan borrower fundamentals are currently satisfactory, we expect high rates to put more pressure on their interest coverage covenants. Tighter financial conditions in the future can increase refinancing and default risk for certain borrowers. The counterbalance to this is most borrowers have addressed their near-term financing needs and very few of them have near-term maturities.
We expect loan default rates to moderately increase from the very low 2022 levels towards their long-term averages.

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

	2022 Amount US $000	Percentage	2021 Amount US $000	Percentage
US CLOs	66,576	100%	101,667	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 2022.

Name	US $m
Cole Capital Fund	2.0
Fetcherr Ltd	1.8
Phytech (Israel)	2.6
Say2eat Inc	0.8
Other investments	0.4
Total	**7.6**

Cole Capital: Cole Capital is a fund that trades in digital assets such as Bitcoin and it is advised by Frequants. The advisor has developed automated trading algorithms that have outperformed the underlying digital assets performance by consistently avoiding large drawdowns. The Company invested USD 4m in Cole Capital on 10 March 2021 and in 2022 we redeemed and received from the fund 3.5m. The residual value of the Company's investment as of year-end 2022 in the fund was USD 2m. Post year-end, the Company has redeemed the remaining USD 2m.

Fetcherr Ltd: Fetcherr is the Israeli start-up that has developed a proprietary AI-powered goal-based enterprise pricing and workflow optimization system. Founded in 2019 by experts in deep learning, Algo-trading, e-commerce, and digitization of legacy architecture, Fetcherr aims to disrupt traditional rule-based (legacy) revenue systems through reinforcement learning methodologies, beginning with the airline industry. The Company invested USD 2m in 2021.

Phytech: Phytech is an agriculture-technology company in Israel providing end-to-end solutions for achieving higher yields on crops and trees. 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.

Say2eat Inc: Say2eat is a company that has proved they can disrupt the existing food delivery (3rd party) marketplace model, with a first party, direct delivery model that is commission free. The company has shown rapid growth in 2020 and is now active in over 20 US states from the east coast all the way to Hawaii working with 200 restaurants. The Company invested USD 0.750m in 2020.

The following table reconciles the review of activities to the Company's financial assets at 31 December 2022:

Name	US $m
Financial Portfolio	106.4
Fund investments	7.6
Total	**114.0**
Financial assets at fair value through profit or loss (note 4)	106.4
Financial assets at fair value through other comprehensive income (note 5)	7.6
Total	**114.0**

Investments in Subsidiaries

The subsidiaries include investments in public equity investments and investments in the fields of real estate. The resulting fair value changes are mainly attributed to changes in quoted share prices of the underlying investments.

Events after the reporting date

Details of material events after the reporting date are disclosed in note 28 to the financial statements.

Litigation

At the time of this Report, there is one matter in litigation that the Company is 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 2022.

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 67) 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 56), 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 the major shareholder of Babylon Ltd, an International Internet Company listed on the Tel Aviv Stock Exchange. He is also a major benefactor of a number of charitable organisations.

Ron Baron (age 55), 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 Papathomas (age 60) 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 and APP Advisory 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 and currently he is the chairman of the Famagusta Chamber of Commerce and Industry in Cyprus.

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 02 May 2023, 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	% of issued ordinary share capital	% 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.

Board and committee meetings – 2022 attendance

Number of meetings attended	Board	Audit	Remuneration
Richard Barry Rosenberg	4 of 4	2 of 2	1 of 1
Noam Lanir	4 of 4	-	-
Ron Baron	4 of 4	-	-
Augoustinos Papathomas	4 of 4	2 of 2	1 of 1

The Quoted Company Alliance (QCA) Code

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Directors anticipate that whilst the Company will continue to comply with the QCA Code, given the Group's size and plans for the future, it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature. To see how the Company addresses the key governance principles defined in the QCA Code please refer to the table listed on the Company's website, which was last reviewed and updated in April 2022.

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.**

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 2022 were as follows:

Directors' Emoluments

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

					Total emoluments	
Director	Date of agreement	Fees US $000	Benefits US $000	Reward payments US $000	2022 US $000	2021 US $000
Richard Barry Rosenberg	10 June 2005	55	-	35	90	73
Noam Lanir	10 June 2005	400	45	-	445	1,445
Ron Baron	1 September 2007	350	-	-	350	2,350
Augoustinos Papathomas	1 February 2019	31	-	15	46	35

Directors' Interests

Interests of Directors in ordinary shares

	As at 31 December 2022			As at 31 December 2021		
	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	15,000	0.01%	0.01%	15,000	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 interest rate changes, credit risk, 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 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, large-scale vaccination programs and huge fiscal and monetary stimulus seem to have been successful in reducing the spread and health impact of the COVID-19 virus, as well as put most developed countries on a strong recovery course. At the same time, high inflation seems to be persisting as global supply chain issues and the Russian invasion of Ukraine add further fuel to fire. We anticipate a sharp interest rate tightening cycle in the US as well as withdrawal of liquidity to slow the demand and bring inflation under control. The Company is primarily exposed to the US economy and has benefitted from the economic recovery. The Company continues to be conservatively positioned with 43.9m of cash, deposits, and investments in US treasury bills as of 31 December 2022 and plans to maintain strong liquidity and stay debt free.

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 26 of the financial statements.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2022. 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 2022 are disclosed in note 22 to the financial statements.

By order of the Board of Directors
Chief Executive Officer

19 May 2023

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 26 to 53 and comprise the Consolidated statement of financial position as at 31 December 2022, 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 2022, 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.

Emphasis of Matter – Uncertain Outcome of a Legal Claim

We draw attention to note 23 of the consolidated financial statements which describes the uncertain outcome of a legal claim against one of the custodian banks that the Group uses on its behalf. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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

Refer to note 7 of the consolidated financial statements.

Grant Thornton

The Key audit matter

The Group has financial assets of $14m (2021: $27m) classified within the fair value hierarchy at level 3, as disclosed in note 7, where $7,5m relates to fund investments and $6,5m 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 Value (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:

- obtaining an understanding of the valuation methodologies applied by the Board of directors and assessing their appropriateness for each investment.
- obtaining third party confirmations indicating either the NAV or fair value of the financial assets and comparing to clients' records and fund's financial statements.
- evaluating the independent professional valuer's competence, capabilities and objectivity.
- in cases where the valuations were performed by the Board of Directors, evaluating the reasonableness of the methodology applied and verifying the inputs used by comparing them to third party sources; and
- considering 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:

- obtaining management accounts of the subsidiaries to identify their NAV; and evaluating any significant change in the fair value of investment.
- assessing 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.
- evaluating and assessing the valuers' competence, capabilities and objectivity.
- evaluating the methodology used and assessing its adequacy; and
- considering 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.

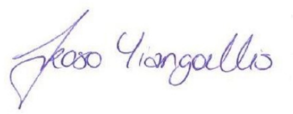
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with 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 Mrs Froso Yiangoulli.



Froso Yiangoulli
Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 19 May 2023

Livermore Investments Group Limited

Consolidated Statement of Financial Position at 31 December 2022

	Note	2022 US $000	2021 US $000
Assets			
Non-current assets			
Property, plant and equipment		43	52
Right-of-use assets		87	176
Financial assets at fair value through profit or loss	4	66,576	101,667
Financial assets at fair value through other comprehensive income	5	7,596	12,435
Investments in subsidiaries	8	6,546	7,196
		80,848	121,526
Current assets			
Trade and other receivables	9	72	366
Financial assets at fair value through profit or loss	4	39,800	17,553
Cash and cash equivalents	10	10,971	45,130
		50,843	63,049
Total assets		131,691	184,575
Equity			
Share capital	11	–	–
Share premium and treasury shares	11	163,130	163,130
Other reserves		(21,214)	(18,026)
Accumulated (losses) / retained earnings		(14,191)	32,618
Total equity		127,725	177,722
Liabilities			
Non-current liabilities			
Lease liability		–	88
Current liabilities			
Trade and other payables	12	3,733	6,641
Lease liability – current portion		87	88
Current tax payable		146	36
		3,966	6,765
Total liabilities		3,966	6,853
Total equity and liabilities		131,691	184,575
Net asset value per share			
Basic and diluted net asset value per share (US $)	14	0.77	1.07

These financial statements were approved by the Board of Directors on 19 May 2023.

The notes 1 to 28 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Profit or Loss for the year ended 31 December 2022

	Note	2022 US $000	2021 US $000
Investment income			
Interest and distribution income	16	23,665	27,495
Fair value changes of investments	17	(44,637)	6,250
		(20,972)	33,745
Operating expenses	18	(3,000)	(8,599)
Operating (loss) / profit		(23,972)	25,146
Finance costs	19	(265)	(398)
Finance income	19	42	18
(Loss) / profit before taxation		(24,195)	24,766
Taxation charge	20	(167)	(66)
(Loss) / profit for the year		(24,362)	24,700
(Loss) / earnings per share			
Basic and diluted (loss) /earnings per share (US $)	21	(0.15)	0.15

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

The notes 1 to 28 form part of these consolidated financial statements.

Livermore investments Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 US $000	2021 US $000
(Loss) / profit for the year		(24,362)	24,700
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange (losses) / gains on translation of consolidated subsidiary		(29)	59
Items that are not reclassified subsequently to profit or loss			
Financial assets designated at fair value through other comprehensive income – fair value (losses) / gains	5	(1,606)	3,200
Total comprehensive (loss) /income for the year		(25,997)	27,959

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

The notes 1 to 28 form part of these consolidated financial statements

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	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
Balance at 1 January 2021		169,187	-	25	(21,310)	16,005	163,907
Dividends	13	-	-	-	-	(8,000)	(8,000)
Purchase of own shares	11	-	(6,973)	-	-	-	(6,973)
Re-issue of shares	11	-	916	-	-	(87)	829
Transactions with owners		-	(6,057)	-	-	(8,087)	(14,144)
Profit for the year		-	-	-	-	24,700	24,700
Other comprehensive income:							
Financial assets at fair value through OCI – fair value gains		-	-	-	3,200	-	3,200
Foreign exchange gains on translation of consolidated subsidiary		-	-	59	-	-	59
Total comprehensive income for the year		-	-	59	3,200	24,700	27,959
Balance at 31 December 2021		169,187	(6,057)	84	(18,110)	32,618	177,722
Dividends	13	-	-	-	-	(24,000)	(24,000)
Transactions with owners		-	-	-	-	(24,000)	(24,000)
Loss for the year		-	-	-	-	(24,362)	(24,362)
Other comprehensive income:							
Financial assets at fair value through OCI – fair value losses	5	-	-	-	(1,606)	-	(1,606)
Foreign exchange losses on translation of consolidated subsidiary		-	-	(29)	-	-	(29)
Transfer of realised gains		-	-	-	(1,553)	1,553	-
Total comprehensive loss for the year		-	-	(29)	(3,159)	(22,809)	(25,997)
Balance at 31 December 2022		169,187	(6,057)	55	(21,269)	(14,191)	127,725

The notes 1 to 28 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Note	2022 US $000	2021 US $000
Cash flows from operating activities			
(Loss) / profit before tax		(24,195)	24,766
Adjustments for			
Depreciation	18	102	109
Interest expense	19	36	35
Interest and distribution income	16	(23,665)	(27,495)
Bank interest income	19	(42)	(18)
Fair value changes of investments	17	44,637	(6,250)
Exchange differences	19	229	363
		(2,898)	(8,490)
Changes in working capital			
Decrease in trade and other receivables		(62)	7,817
(Decrease) / Increase in trade and other payables		(2,928)	1,774
Cash Flows (used in) / from operations		(5,888)	1,101
Interest and distributions received		23,707	27,512
Tax paid		(32)	(50)
Net cash from operating activities		17,787	28,563
Cash flows from investing activities			
Acquisition of investments		(74,283)	(119,905)
Proceeds from sale of investments		46,729	100,629
Net cash used in investing activities		(27,554)	(19,276)
Cash flows from financing activities			
Lease liability payments		(127)	(109)
Interest paid	19	(36)	(35)
Dividends paid	13	(24,000)	(8,000)
Purchases of own shares	11	-	(6,057)
Net cash used in financing activities		(24,163)	(14,201)

	Note	2022 US $000	2021 US $000
Net decrease in cash and cash equivalents		(33,930)	(4,914)
Cash and cash equivalents at the beginning of the year		45,130	50,407
Exchange differences on cash and cash equivalents	19	(229)	(363)
Cash and cash equivalents at the end of the year	10	10,971	45,130

The notes 1 to 28 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 2022, the Company adopted any applicable new or revised IFRS and relevant amendments and interpretations which became effective, and also were endorsed by the EU.

The following IASB or IFRIC documents were issued by the date of authorisation of these financial statements but are not yet effective for the year ended 31 December 2022, or have not yet been endorsed by the EU by 31 December 2022:

	Endorsed by EU	IASB Effective date
• Amendments to IFRS 16: "Lease Liability in a Sale and Leaseback"	No	1 January 2024
• Amendments to IAS 1: "Classification of Liabilities as Current or Non-current"	No	1 January 2024
• Amendments to IAS 1: "Non-current Liabilities with Covenants"	No	1 January 2024
• IFRS 17: "Insurance Contracts", including amendments of 2020	Yes	1 January 2023
• Amendment to IFRS 17: "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	Yes	1 January 2023
• Amendments to IAS 1 and IFRS Practice Statement 2: "Disclosure of Accounting policies"	Yes	1 January 2023
• Amendments to IAS 8: "Definition of Accounting Estimates"	Yes	1 January 2023
• Amendment to IAS 12: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Yes	1 January 2023
• 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

The Board of Directors expects that when the above become effective in future periods, they will not 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.

Any bank overdrafts are considered to be a component of cash and cash equivalents, since they form an integral part of the Company's cash management.

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

	2022 US $000	2021 US $000
Non-current assets		
Fixed income investments (CLOs)	66,576	101,667

Current assets		
Fixed income investments	37,519	7,584
Public equity investments	2,281	9,969
	39,800	17,553

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:

	2022 US $000	2021 US $000
At 1 January	119,220	99,583
Purchases	73,963	114,399
Sales	(19,662)	(28,408)
Settlements	(23,514)	(72,221)
Fair value (losses) / gains	(43,631)	5,867
At 31 December	106,376	119,220

5. Financial assets at fair value through other comprehensive income

	2022 US $000	2021 US $000
Non-current assets		
Fund investments	7,596	12,435

For description of each of the above categories, 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:

	2022 US $000	2021 US $000
At 1 January	12,435	3,729
Purchases	320	5,506
Settlements	(3,553)	-
Fair value (losses) / gains	(1,606)	3,200
At 31 December	7,596	12,435

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 and Public Equity Investments are valued per their closing market prices on quoted exchanges, or as quoted by market maker. Investments in open warehouse facilities that have not yet been converted to CLOs, are valued based on an adjusted net asset valuation.

The Company values the CLOs 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.

- 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:

	2022 US $000 Level 1	2022 US $000 Level 2	2022 US $000 Level 3	2022 US $000 Total	2021 US $000 Level 1	2021 US $000 Level 2	2021 US $000 Level 3	2021 US $000 Total
Fixed income investments	37,519	66,576	–	104,095	–	101,667	7,584	109,251
Fund investments	–	–	7,596	7,596	–	–	12,435	12,435
Public equity investments	2,281	–	–	2,281	9,969	–	–	9,969
Investments in subsidiaries	–	–	6,546	6,546	–	–	7,196	7,196
	39,800	66,576	14,142	120,518	9,969	101,667	27,215	138,851

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 2021	3,729	10,036	6,813	20,578
Purchases	5,506	69,805	-	75,311
Settlement	-	(72,221)	-	(72,221)
Gains / (losses) recognised in:				
- Profit or loss	-	(36)	383	347
- Other comprehensive income	3,200	-	-	3,200
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 31 December 2022	7,596	-	6,546	14,142

The above gains and losses recognised can be allocated 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
2021				
Profit or loss				
– Financial assets held at year-end	–	(36)	383	347
Other comprehensive income				
– Financial assets held at year-end	3,200	–	–	3,200
Total gains / (losses) for 2021	3,200	(36)	383	3,547

	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
2022				
Profit or loss				
– Financial assets held at year-end	–	–	(1,006)	(1,006)
Other comprehensive income				
– Financial assets held at year-end	(1,606)	–	–	(1,606)
Total losses for 2022	(1,606)	–	(1,006)	(2,612)

The Company has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2022 and 2021. Instead, the Company used prices from third-party pricing information without adjustment.

Fixed income investments within level 3 represent open warehouses that have been valued based on their net asset value. The net asset value of a warehouse is primarily driven by the fair value of its underlying loan asset portfolio (as determined by the warehouse's manager) plus received and accrued interest less the nominal value of the financing and accrued interest on the financing. In all cases, due to the nature and the short life of a warehouse, the carrying amounts of the warehouses' underlying assets and liabilities are considered as representative of their fair values.

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 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

	2022 US $000	2021 US $000
Unconsolidated subsidiaries		
At1 January	7,196	6,813
Additions	356	-
Fair value (losses) / gains	(1,006)	383
At 31 December	6,546	7,196

Additions relate to the fair value of the receivable amount from the Company's unconsolidated subsidiary Sandhirst Ltd, that was waived by the Company (note 22).

Details of the investments in which the Company has a controlling interest at 31 December 2022 are as follows:

Name of Subsidiary	Place of incorporation	Holding	Voting rights and shares held	Principal activity
Consolidated subsidiary				
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Unconsolidated subsidiaries				
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

9. Trade and other receivables

	2022 US $000	2021 US $000
Financial items		
Amounts due by related parties (note 22)	-	289
Non-financial items		
Prepayments	66	65
VAT receivable	6	12
	72	366

For the Company's receivables of a financial nature, no allowance for impairment has been recognised for their lifetime expected credit losses, as their default rates have been determined to be close to 0%.

No receivable amounts have been written-off during either 2022 or 2021.

10. Cash and cash equivalents

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

	2022 US $000	2021 US $000
Demand deposits	10,971	45,130
Cash at bank	10,971	45,130

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 2022 and 2021	174,813,998	169,187

Treasury shares	Number of shares	Share premium US $000
At 1 January 2021	-	-
Additions (note 22)	10,888,577	6,973
Re-issued	(1,430,000)	(916)
At 31 December 2021 and 2022	9,458,577	6,057

During 2021, 1,430,000 of the Company's treasury shares were re-issued to a key management member (note 22) in full settlement of an accrued amount of USD 0.7m. The re-issued shares had an average cost of USD 0.916m and a fair value of USD 0.829m, as determined based on their market price, resulting in the recognition of a loss in retained earnings of USD 0.087m. The difference between the fair value and the accrued amount is included in professional fees (note 18).

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

	2022 US $000	2021 US $000
Share premium	169,187	169,187
Treasury shares	(6,057)	(6,057)
	163,130	163,130

12. Trade and other payables

	2022 US $000	2021 US $000
Financial items		
Trade payables	63	36
Amounts due to related parties (note 22)	3,283	6,193
Accrued expenses	387	412
	3,733	6,641

13. Dividend

On 5 January 2022, the Company announced an interim dividend of USD 24m (USD 0.145 per share) to members on the register as at 14 January 2022. The dividend was paid on 7 February 2022.

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.

	2022	2021
Net assets attributable to ordinary shareholders (USD 000)	127,725	177,722
Closing number of ordinary shares in issue	165,355,421	165,355,421
Basic net asset value per share (USD)	0.77	1.07
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 2022 and 2021.

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:

Investment (losses) / income	2022 US $000	2021 US $000
Other European countries	(2,956)	94
United States	(16,320)	33,109
Asia	(1,696)	542
	(20,972)	33,745
Investments		
Other European countries	6,850	3,435
United States	105,577	127,071
Asia	8,091	8,345
	120,518	138,851

Investment (losses) / income, 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

	2022 US $000	2021 US $000
Interest from investments	1,207	669
Distribution income	22,458	26,826
	23,665	27,495

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

	2022			2021		
	Interest US $000	Distribution income US $000	Total US $000	Interest US $000	Distribution income US $000	Total US $000
Financial assets at fair value through profit or loss						
Fixed income investments	1,207	22,282	23,489	669	26,632	27,301
Public equity investments	-	176	176	-	194	194
	1,207	22,458	23,665	669	26,826	27,495

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

	2022 US $000	2021 US $000
Fair value (losses) / gains on financial assets through profit or loss	(43,782)	5,867
Fair value (losses) / gains on investments in subsidiaries	(1,006)	383
Fair value gains on derivatives	151	-
	(44,637)	6,250

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 2022			Disposed in 2021		
	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**
Financial assets at fair value through profit or loss						
Fixed income investments	(5)	524	519	1,099	2,237	3,336
Public equities	1,430	62	1,492	1,454	111	1,565
Derivatives	151	–	151	–	–	–
	1,576	586	2,162	2,553	2,384	4,901
Financial assets at fair value through OCI						
Private equities	1,553	–	1,553	–	–	–
	3,129	586	3,715	2,553	2,384	4,901

** difference between disposal proceeds and original acquisition cost*

18. Operating expenses

	2022 US $000	**2021 US $000**
Directors' fees and expenses	932	3,903
Other salaries and expenses	237	201
Professional fees	822	3,528
Legal expenses	13	53
Bank custody fees	139	102
Office costs	237	277
Depreciation	102	109
Other operating expenses	441	349
Audit fees	75	75
Tax fees	2	2
	3,000	8,599

Professional fees for 2021 include a share-based payment to a key management member of USD 0.129m (notes 11 and 22).

Throughout 2022 the Company employed 4 members of staff (2021: 4). Two of those members are the Company's executive Directors.

Other salaries and expenses include USD 18,802 of social insurance and similar contributions (2021: USD 18,977), as well as USD 4,508 of defined contributions plan costs (2021: USD 3,461).

19. Finance costs and income

	2022 US $000	2021 US $000
Finance costs		
Bank interest expense	36	35
Foreign exchange loss	229	363
	265	398
Finance income		
Bank interest income	42	18

20. Taxation

	2022 US $000	2021 US $000
Current tax charge	167	66

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 2022, as explained above, and the Company's consolidated subsidiary in Switzerland (note 8).

21. (Loss) / earnings per share

The basic (loss) / earnings per share has been calculated by dividing the (loss) / profit 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.

	2022	2021
(Loss) / profit for the year attributable to ordinary shareholders of the parent (USD 000)	(24,362)	24,700
Weighted average number of ordinary shares outstanding	165,355,421	165,372,512
Basic (loss) / earnings per share (USD)	(0.15)	0.15

The diluted (loss) / earnings per share equals the basic (loss) / earnings per share since no potentially dilutive shares were in existence during 2022 and 2021.

22. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2022 held 74.41% (2021: 74.41%) of the Company's voting rights.

	2022 US $000	2021 US $000	
Amounts receivable from unconsolidated subsidiary			
Sandhirst Ltd	–	289	(1)
Amounts payable to unconsolidated subsidiary			
Livermore Israel Investments Ltd	(3,046)	(3,046)	(2)
Amounts payable to other related party			
Loan payable	(149)	(149)	(3)
Amounts payable to key management			
Directors' current accounts	(88)	(1,011)	(2)
Other key management personnel	–	(1,987)	(4)
	(88)	(2,998)	
Key management compensation			
Short term benefits			
Executive Directors' fees	795	795	(5)
Executive Directors' reward payments	–	3,000	
Non-executive Directors' fees	87	108	
Non-executive Directors' reward payments	50	–	
Other key management fees	385	2,829	(6)
	1,317	6,732	

(1) The amounts receivable from unconsolidated subsidiary are interest free, unsecured, and have no stated repayment date.
During 2022, the Company waived a receivable amount of USD 0.356m from its subsidiary Sandhirst Ltd, as a means of capital contribution to the subsidiary (note 8).

(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 with a balance at 31 December 2022 of USD 0.149m has been received from a related company (under common control), Chanpak Ltd. The loan is free of interest, is unsecured and is

repayable on demand. This loan is included within trade and other payables (note 12).

(4) The amount payable to other key management personnel relates to payments made on behalf of the Company for investment purposes and accrued consultancy fees. During the year 2021, an accrued amount of USD 0.7m was settled by re-issuing 1,207,624 of the Company's treasury shares at their fair value as at the date of transfer.

(5) These payments were made directly to companies which are related to the Directors.

(6) During 2021, 222,376 of the Company's treasury shares were re-issued to a key management member for no consideration and no vesting conditions. The fair value of these shares at the date of transfer was USD 0.129m. Other key management fees are included within professional fees (note 18).

During 2021, the Company bought back 10,888,577 shares from Groverton Management Ltd, to be held in treasury, for a total cost of USD 6.973m, as determined based on the market price of the shares.

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 2022 or 2021.

23. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Company used faces a contingent claim up to USD 2.1m, and any interest as will be decided by a US court 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 proves to be successful, Livermore will 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.

As a result of the surrounding uncertainties over the outcome of the case and the existence of any obligation for Livermore, no provision has been made.

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 2022.

25. Impact of war in Ukraine

In February 2022, Russia attacked Ukraine and the ensuing conflict has resulted in significant humanitarian losses for the Ukrainian people. In response, the US, UK, Japan and European member states have enacted significant sanctions against Russia including exclusion of Russia from the SWIFT system and access to hard currencies. Russia and Ukraine are significant exporters of agricultural commodities and Russia is a significant export of Oil and Gas, especially to Europe. The conflict has led to large increases in commodity prices and loss of agricultural supply. This is expected to have potentially significant and unexpected negative impact to global growth and business performance. We expect the most direct and significant impact to European member states and less developed economies while US is expected to fare better with somewhat delayed and muted affects. The Company does not have direct exposure to European or emerging markets with most of the portfolio exposed to US domestic market companies. Still, the conflict has only recently begun and given the uncertain outcome, it is difficult to quantify the impact on the Company's portfolio at this stage. In response, the

Company intends to be conservatively positioned with sufficient cash balances and cashflow to whether the uncertainty and position itself to take advantage of potential dislocations in the market.

26. 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 27.

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:

	2022 US $000	2022 US $000	2022 US $000	2021 US $000	2021 US $000	2021 US $000
	Financial assets	Financial liabilities	Net value	Financial assets	Financial liabilities	Net value
British Pounds (GBP)	2,624	(122)	2,502	1,677	(110)	1,567
Euro	127	(89)	38	417	(21)	396
Swiss Francs (CHF)	1,509	(70)	1,439	22	(2,099)	(2,077)
Israel Shekels (ILS)	5,451	(3,046)	2,405	6,203	(3,046)	3,157
Total	9,711	(3,327)	6,384	8,319	(5,276)	3,043

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 2022 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2022 US $000	2022 US $000	2022 US $000	2021 US $000	2021 US $000	2021 US $000
	Profit or loss	Other comprehensive income	Equity	Profit or loss	Other comprehensive income	Equity
British Pounds (GBP)	250	-	250	157	-	157
Euro	4	-	4	40	-	40
Swiss Francs (CHF)	144	-	144	(208)	-	(208)
Israel Shekels (ILS)	240	-	240	316	-	316
Total	638	-	638	305	-	305

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 2022 and 31 December 2021, 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:

	2022 US $000	2021 US $000
Financial assets – subject to:		
– fair value changes	4,616	–
– interest changes	10,971	45,130
Total	15,587	45,130

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.

	2022 US $000 Profit or loss	2021 US $000 Profit or loss
Financial assets:		
– fair value changes	(657)	–
– interest changes	110	451
Total	547	451

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 (excluding level 3 investments) would result in a 6.07% change in the net asset value at 31 December 2022 (2021: 6.28%), 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.

	2022 US $000	2021 US $000
	Profit or loss	Profit or loss
Financial assets at fair value through profit or loss	7,758	11,163

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 2022 or 2021.

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 extend 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 2022 or 2021.

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 2022 and 2021 is as follows:

	2022 US $000	2021 US $000
Financial assets:		
At amortised cost		
Trade and other receivables	-	289
Cash at bank	10,971	45,130
	10,971	45,419
At fair value through profit or loss	104,099	109,251
	115,070	**154,670**

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 2022 and 2021 the credit rating distribution of the Company's asset portfolio subject to credit risk was as follows:

	2022		2021	
Rating	**US $000**	**Percentage**	**US $000**	**Percentage**
AA+	28,800	25.0%		
AA	9,812	8.5%	26,063	16.9%
A	446	0.5%	12,872	8.3%
B	5,347	4.6%	922	0.6%
B+	735	0.6%	-	-
BB	6,108	5.3%	-	-
BB+	842	0.7%		
BBB	908	0.8%	6,195	4.0%
B-	-	-	4,576	3.0%
BB-	805	0.7%	5,280	3.4%
BBB-	618	0.6%		
Not Rated	60,649	52.7%	98,762	63.8%
	115,070	100%	154,670	100%

Included within "not rated" amounts are investments in loan market through CLOs (equity tranches) of USD 60.649m and no open warehouses (2021: CLOs of USD 91.179m and open warehouses of USD 7.583m).

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
31 December 2022		
Trade and other payables	3,733	3,733

	Carrying amount US $000	Less than 1 year US $000
31 December 2021		
Trade and other payables	6,641	6,641

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.

Warehouse facilities are private negotiated financing facilities and are not traded and have no active market. The Company, however, can opt to terminate such facility.

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 2022, the Company had liquid investments totalling USD 117.4m, comprising of USD 11m in cash and cash equivalents, USD 66.6m in investments in loan market through CLOs, USD 37.5m in other fixed income investments, USD 2.3m 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. During 2022 and 2021, 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:

	2022 US $000	2021 US $000
Borrowings	149	149
Cash at bank	(10,971)	(45,130)
Net Debt	(10,822)	(44,981)
Total equity	127,725	177,722
Net debt to equity ratio	(0.08)	(0.25)

27. Financial assets and liabilities by class

	Note	2022 US $000	2021 US $000
Financial assets:			
Financial assets at amortised cost	9, 10	10,971	45,419
Financial assets at fair value through profit or loss	4	106,376	119,220
Financial assets designated at fair value through other comprehensive income	5	7,596	12,435
		124,943	177,074
Financial liabilities:			
Financial liabilities at amortised cost	12	3,733	6,641

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

28. Events after the reporting date

The following non-adjusting events occurred after 31 December 2022:

- 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. The fair value of the bonds at 31 December 2022 was USD 0.578, included within Fixed income investments under Financial assets at fair value through profit or loss (note 4). As a result of the takeover, the bonds were permanently written down and the Company suffered a loss in 2023 of USD 0.578m.

  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

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

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Chris Sideras

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Company Number

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