HANDELSBANKEN ALTERNATIVES FUND LIMITED

Annual Report and Audited Financial Statements
For the year ended 31 December 2023

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HANDELSBANKEN ALTERNATIVES FUND LIMITED
Company Information

Non-executive Directors
William Simpson (Independent)
Peter Griffin (Independent)
Marc Wood

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Administrator, Secretary and Listing Sponsor
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Custodian
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Listing Sponsor
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Independent Auditor
BDO Limited
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Legal Advisers to the Fund (as to Guernsey law)
Ogier (Guernsey) LLP
Redwood House
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Legal Advisers to the Fund (as to English law)
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One Eagle Place
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HANDELSBANKEN ALTERNATIVES FUND LIMITED
Report of the Directors
For the year ended 31 December 2023

The Directors of Handelsbanken Alternatives Fund Limited (the “Company”) are pleased to submit their Annual Report and the Audited Financial Statements (the “Financial Statements”) for the year ended 31 December 2023.

The Company
The Company was incorporated in Guernsey on 1 July 2016 with registration number 62214. The Company is registered as a closed-ended investment company with limited liability and authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020. The Company commenced trading on 22 July 2016. On 22 July 2016, the Company was admitted to The International Stock Exchange (“TISE”).

Investment Objective and Policy
The Company aims to provide long-term growth through a diversified, global, multi-strategy portfolio which, amongst other things, provides access to specialist and/or alternative funds and vehicles.

The Company’s portfolio is expected to be mainly comprised of investments that are deemed to be specialist and/or alternative strategies and which are considered to have an attractive medium to long term return potential through capital return and/or income. These specialists and/or alternative investments may target specific sectors, themes or geographies and may include private equity, hedge funds, property, alternative credit, and infrastructure linked investments.

Results and Dividends
The Statement of Comprehensive Income for the year is set out on page 14. The total comprehensive loss for the year amounted to £2,165,476 (31 December 2022: £421,282 loss). The Directors do not propose a dividend to be paid for the year (31 December 2022: £Nil).

Directors
The Directors of the Company are listed on page 3.

Directors’ Interests
Peter Griffin (and parties associated with him such as close family members) have holdings in the Handelsbanken Multi Assets Funds. For each Director, the total value of their holding (including that of associated persons) is below 1% (31 December 2022: below 1%) of the total asset value of the Handelsbanken Multi Asset Funds. The Handelsbanken Multi Asset Funds have holdings in the Company.

Shareholders’ significant interests
As per the year end 31 December 2023 Shareholding report, the Bank of New York (Nominees) Limited held more than 10% of the Share capital of the Company.

Going concern
The Directors have made an assessment of the Company’s financial position as at 31 December 2023 and of its ability to continue as a going concern for a period of at least 12 months following the approval of these Financial Statements. The Directors are satisfied that the Company has considerable financial resources, combined with a relatively low level of expenses which are able to be covered for the foreseeable future, no external debt and the fact that shareholder redemptions are restricted to quarterly redemptions and only with Directors’ approval.

The Directors also note that overall, due to the nature of the Company’s portfolio, which – as discussed in more detail in the Investment Manager’s report – comprises a diversified mix of defensive strategies generally with low correlations to broader financial markets and asset classes, it has not been affected significantly in terms of value or cashflows by the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks and continuing macro-economic factors and inflation). Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and accordingly, the Directors have continued to adopt the going concern basis in preparing these Financial Statements.

Directors' Responsibilities Statement
The Companies (Guernsey) Law, 2008 requires Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the keeping of sufficient accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and The Registered Collective Investment Schemes Rules and Guidance, 2021 made under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the principal documents. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors make the following statement:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that all steps have been taken by the Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance
The Directors have considered the effectiveness of their corporate governance practices with regard to the principles set out in the Finance Sector Code of Corporate Governance (the "Code") issued by the Guernsey Financial Services Commission. The Directors are satisfied with their degree of compliance with the principles set out in the Code in the context of the nature, scale, and complexity of the business.

Bribery and Corruption
The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 and the UK Bribery Act 2010. The Directors abhor bribery and corruption of any form and expect all the Company's business activities, whether undertaken directly by the Directors themselves or by third parties on the Company's behalf, to be transparent, ethical and beyond reproach.

On discovery of any activity or transaction that breaches the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 or the UK Bribery Act 2010, such discovery will be reported to the relevant authorities in accordance with prescribed procedures. The Company is committed to regularly reviewing its policies and procedures to uphold good business practice.

Anti-tax evasion
The Company has a zero tolerance policy to tax evasion and the facilitation of tax evasion. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers and business partners operate.

The Company is subject to the UK Criminal Finances Act 2017 and has adopted a policy, endorsed by the Directors, designed to prevent tax evasion and the facilitation of tax evasion.

The policy establishes a culture across the Company and in relation to its service providers and other counterparties, in which tax evasion and the facilitation of tax evasion is unacceptable. The policy is based on a detailed risk assessment undertaken by the Directors annually.

Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. FATCA is an important development in US efforts to combat tax evasion by U.S. persons holding investments in offshore accounts. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. During 2016 the Company registered with the Internal Revenue Service ("IRS") in the US as a reporting foreign financial institution and received a Global Intermediary Identification Number.

Common Reporting Standard
The Common Reporting Standard ("CRS"), formerly the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016, and is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, and the European Union Savings Directive. The first reporting under CRS for Guernsey was made during 2017.

Alternative Investment Fund Managers Directive
The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union ("EU") legislation aimed at increasing investor protection and reducing systematic risk by creating a harmonised EU framework for managers of alternative investment funds in the EU. The Company is categorised as a non-EU Alternative Investment Fund (as defined in the AIFMD) ("AIF") and the Board of the Company is a non-EU Alternative Investment Fund Manager ("AIFM") for the purposes of AIFMD and as such is not required to seek authorisation under the AIFMD.

Environment, Social and Governance ("ESG")
ESG investing is an investment strategy that considers a company's environmental, social, and governance practices in addition to financial factors. The Directors and the Investment Manager have considered the impact of climate change on the Company's strategy and risk profile and deem there to be no direct impact.

Investment Manager
The Company has, pursuant to its powers under the Investment Management Agreement, dated 12 July 2016 (the "Investment Management Agreement"), appointed the Investment Manager to be responsible for managing the assets of the Company. Under the Investment Management Agreement, the Investment Manager is responsible for, inter alia, making decisions in relation to the acquisition, holding and disposal of investments for the Company and reviewing the portfolio of the Company periodically.

The Investment Manager's appointment may be terminated at any time by the Company if there is a material breach of the Investment Management Agreement, upon the insolvency, liquidation (save for the purpose of a previously approved winding up) or receivership of the Investment Manager or if the Investment Manager ceases to be qualified to act as such. The Company is also entitled to remove the Investment Manager on 12 months' prior notice in writing.

Under the terms of the Investment Management Agreement the Investment Manager is not liable for any acts or omissions in the performance of its services under the Investment Management Agreement in the absence of wilful misconduct, gross negligence, bad faith or fraud and subject thereto the Investment Manager is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services. See note 5 for further details.

Administrator
Sanne Fund Services (Guernsey) Limited was appointed pursuant to an Administration and Secretarial Agreement dated 30 November 2018 (the "Administration Agreement"). The Administration Agreement is terminable by either side on 90 days' written notice. See note 5 for further details.

Custodian
On 30 November 2018, Butterfield Bank (Guernsey) Limited (the “Custodian”) was appointed to act as Custodian to the listed section of the Company portfolio only. See note 5 for further details.

Status of Taxation
The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an annual fee of £1,200 (31 December 2022: £1,200) for each year in which the exemption is claimed.

It should be noted, however, that interest and dividend income accruing from the Company’s investments may be subject to withholding tax in the country of origin.

The Company has incurred £Nil (31 December 2022: £Nil) of irrecoverable withholding tax.

Independent Auditor
A resolution to re-appoint BDO Limited as auditor will be proposed at the next Annual General Meeting.

By Order of the Board

Peter Griffin
Director
Date: 13 June 2024

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Investment Manager's Report
For the year ended 31 December 2023

The Handelsbanken Alternatives Fund Limited ("HAF" or the "Company") generated a total return of -2.90% for Share Class A for the year ended 31 December 2023 (share class A; 31 December 2022: -0.48%).

2023 was a year of stellar returns for equities, led by US mega-cap stocks which continued to deliver impressive performance, helped by declining inflation in several major economies. Implied volatility consequently fell, with the VIX index ending the year below 13, indicating a benign environment for traditional risk assets. The journey through 2023 was not completely smooth, in March the collapse of SVB and Credit Suisse caused panic in markets, resulting in a shock decline in bond yields which caught several systematic managers and CTAs off guard. These dramatic events provided a reminder that the lagged impact of tighter monetary policy is likely to have further unpredictable consequences in the real economy, and we believe the HAF is well positioned to weather these potential challenges ahead.

The HAF ended the year in negative territory, posting a total return of -2.90% (share class A). While an absolute loss for the year is disappointing, the loss was entirely caused by our side pockets in trade finance funds managed by TransAsia, Quintar Kimura and Inoks which were marked down in December. After new manager Quintar Capital took over management of the Kimura fund, a liquidity option was made available to investors in the AMC side pocket which the HAF participated in at a 15% haircut to the August valuation. This liquidity option provides the fund with additional capital to deploy in new investments which we hope to introduce in the year 2024. The impairment in value however is indicative of a lower market value for all the side pockets in the fund, and hence the remaining Quintar, TransAsia and Inoks UDI side pockets were marked down on the 4th quarter of 2023 to reflect that.

Aside from the losses from the side pockets, performance of the underlying managers was more encouraging, especially from our relative value strategies. The top performer was the Blue Diamond Volatility Arbitrage Fund which profited from trading VIX contracts, as well as contracts across US and European options markets. Despite a muted environment for volatility generally, the manager's ability to take long and short positions helped generate positive returns, in contrast to directional strategies such as our tail hedge position in Universa, which struggled.

We also enjoyed some positive returns from our opportunistic strategies, principally the new position we added in the Twelve Cat Bond fund in May. Spreads in catastrophe bonds moved to attractive levels this year after preceding years of damaging hurricanes led to a dearth of investors in the space. The combination of wide spreads and high cash rates created double digit yields in the sector, while US hurricane season passed with relatively little impact. Despite spreads having now tightened, they still remain at historically attractive levels.

On the negative side, our directional managers struggled from a combination of factors. The biggest detractor here was STS Partners Fund. While that fund's long positions in mortgage-backed securities held up relatively well this year, the short book performed poorly due to losses from equity and credit hedges in options and credit default swaps. The manager has since reduced the size of the hedge book, and we believe this puts them in a good position to perform well next year. AlphaQuest also gave up some of their strong returns from last year, suffering from the difficult environment for trend followers in 2023. AlphaQuest's diversification among short and long term trend signals help mitigate losses, however the trading environment in fixed income nonetheless proved a headwind.

Finally, we have been reducing the number of holdings in the HAF during the year 2023, which currently stands at 20 positions. We believe this should improve the return prospects of the fund going forward as we focus the fund on fewer, higher conviction managers. We have been rotating away from alternative income managers in the HAF, and with sale proceeds coming into the fund in 2024, we expect to deploy capital into liquid managers that we believe can generate higher returns, uncorrelated with traditional risk assets.

Investment Manager
Handelsbanken Wealth & Asset Management
Date: 13 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED

Opinion on the financial statements
In our opinion, the financial statements of Handelsbanken Alternatives Fund Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;

- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; and

- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as issued by the International Accounting Standards Board.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the paper prepared by those charged with governance and management in respect of going concern and discussing this with both the Directors and management;
- Challenging the Directors' cash flow forecasts for the twelve months from the date of approval of these financial statements by stress testing key inputs, the ability to realise the Company's assets and the impact on the going concern assessment;
- Challenging the key inputs into the cash flow forecasts by comparing these with historic results of the Company and whether they were consistent with our understanding of the Company; and
- Reviewing the minutes of the Directors' meetings, TISE announcements and the Company's compliance reports for any indicators of concerns in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

	2023	2022
Key audit matters	Investment valuation and ownership	Investment valuation and ownership
Materiality	£1.37m (2022: £1.71m) based on 1.75% (2022: 1.75%) of total assets	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.
We carried out a full scope audit of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's Administrator and Custodian, the accounting and reporting environment and the industry in which the Company operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment, we considered the Company's interaction with the Investment Manager and the Company's Administrator. We considered the control environment in place at the Investment Manager and the Company's Administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Investment valuation and ownership [Notes 2, 7 and 8]	The investment portfolio at 31 December 2023 comprised listed investments, investments in funds whose price is notified on an exchange, and unlisted investment funds. Some of the unlisted investment funds did not have valuations available at year end and, as a result, fair value estimates were made by the Directors. Such estimates are judgemental in nature and may differ from the final net asset valuation received by the Company. Certain investments are held in side pockets and management have valued these investments at year end by applying a discount to NAV.	Where investments were held by the Custodian, we agreed the ownership of all investment portfolio holdings to the independently obtained custodian confirmation. For investments not held by the Custodian, we agreed all holdings to underlying net asset value statements issued by the respective fund managers. We tested the valuation of all investments held by agreeing the prices used in the valuation to independent third-party sources. Where estimation had been utilised by the Directors in valuing the investments at the year end, we compared the results of the Directors' estimation with the subsequently received finalised net asset value for those investments from the underlying fund, to consider whether the estimates made by the Directors were materially correct. For a sample of unlisted investments, we obtained direct confirmation from the underlying investment administrator to confirm the investment holding and investment valuation. For the unlisted investments we also, on a sample basis, obtained the latest audited financial statements of the underlying investments to check that the audited net asset value was not significantly different from the net asset value statement issued by the underlying fund manager.

An overview of the scope of our audit (continued)

Key audit matters (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
Investment valuation and ownership [Notes 2, 7 and 8]	We regarded the valuation and ownership of all investments as a key area of focus because investments represent the principal element of the net asset value, as disclosed in the Statement of Financial Position in the financial statements, and due to the estimates involved in the valuation.	For side pocket investments, we reviewed the Company's valuation policy for side-pocketed assets, ensuring it was reasonable and consistently applied. We obtained and challenged, through discussion with the Investment Manager and corroboration to external sources, the inputs and assumptions used in management's model based on our understanding of the investment. We checked to verify that side-pocketed assets are properly segregated from the main portfolio in the accounting records, ensured all side pockets have been properly disclosed within level 3 of the fair value hierarchy and agreed the valuation per the models to the financial statements. **Key observations:** Based on the procedures performed, we did not identify any indications to suggest that the valuation of the investment portfolio was materially misstated, or that the Company did not have title to the investments.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2023 £	2022 £
Materiality	1,370,000	1,710,000
Basis for determining materiality	1.75% of Total Assets	1.75% of Total Assets
Rationale for the benchmark applied	Due to it being an investment fund with the objective of long-term capital growth, with investment values being a key focus of users of the financial statements.	
Performance materiality	1,096,000	1,368,000
Basis for determining performance materiality	80% (2022: 80%) of materiality This was determined using our professional judgement and considering the complexity and our knowledge of the engagement, together with a history of minimal historical errors and adjustments.	

Specific materiality
We also determined that for investment income and sensitive expenses, including management fees, administration fees, directors' fees, audit fees and custodian fees, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% of materiality being £137,000 (2022: 10%: £171,000). We further applied a performance materiality level of 80% (2022:80%) of specific materiality to these areas to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Our application of materiality (continued)

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £41,100 (2022: £51,600) and, for the items audited to specific materiality above, £4,100 (2022: £5,160). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies (Guernsey) Law, 2008 reporting
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its investment activities, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANDELSBANKEN ALTERNATIVES FUND LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)
We have obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRS and the Companies (Guernsey) Law, 2008.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (Including the risk of management override of controls) and determined that the principal risks were related to revenue recognition in relation to the investment income from the investments held and management bias and judgement (the responses to which are detailed in our key audit matter above).

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and inquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations or any frauds.
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers, and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud.
- Recalculating investment income and realised and unrealised gains and losses in full for listed investments based on external source information.
- For unlisted investments, recalculating realised and unrealised gains and losses in full based on external valuation statements obtained.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

The engagement director on the audit resulting in this independent auditor's opinion is Simon Hodgson.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 13 June 2024

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Statement of Comprehensive Income
For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 £	For the year ended 31 December 2022 £
Net (losses)/gains on investments at fair value through profit or loss	7	(3,713,944)	4,934,650
Net foreign exchange gains/(losses) on derivatives through profit or loss	10	1,658,449	(5,305,507)
Net other foreign exchange gains		179,824	230,725
		(1,875,671)	(140,132)
Other income			
Management fee rebates		21,499	23,638
Other income		84,249	50,085
Bank interest income		14,810	42,440
		120,558	116,163
Expenses			
Bank interest		(2,891)	(2,764)
Collateral interest paid on funds received in advance		(30,318)	-
Management fees	5 & 13	(26,724)	(57,195)
Administration fees	5	(111,448)	(101,044)
Directors' fees	5 & 13	(50,000)	(50,000)
Custodian fees	5	(5,005)	(5,086)
Secretarial fees	5	(44,157)	(42,722)
Legal fees		(18,515)	-
Audit fees		(37,869)	(30,000)
Investment services management fee	5	(44,400)	(44,400)
Investment services administration fee	5	(19,890)	(20,000)
Other expenses	6	(19,146)	(44,102)
Total operational expenses		(410,363)	(397,313)
Loss before taxation		**(2,165,476)**	**(421,282)**
Withholding taxes	3	-	**-**
Loss for the financial year and total comprehensive income for the year		**(2,165,476)**	**(421,282)**
Loss per Class A Share (basic and diluted)	14	**£(0.0300)**	**£(0.0042)**
Loss per Class C Share (basic and diluted)	14	**£(0.0367)**	**£(0.0123)**
Loss per Class D Share (basic and diluted)	14	**£(0.0554)**	**£(0.0096)**
Total loss per share		**£(0.0304)**	**£(0.0049)**

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 18 to 38 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Statement of Changes in Equity
For the year ended 31 December 2023

	Note	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
For the year ended 31 December 2023					
Balance as at 1 January 2023		**-**	**79,113,509**	**12,534,819**	**91,648,328**
Transactions with Shareholders:					
Shares redeemed	11	-	(20,334,526)	-	(20,334,526)
Total transactions with Shareholders		-	(20,334,526)	-	(20,334,526)
Total comprehensive loss for the year		-	-	(2,165,476)	(2,165,476)
Transfer to retained earnings on closure of Class D shares	11	-	20,695	(20,695)	-
Balance as at 31 December 2023		**-**	**58,799,678**	**10,348,648**	**69,148,326**

	Note	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
For the year ended 31 December 2022					
Balance as at 1 January 2022		**-**	**96,877,104**	**12,956,101**	**109,833,205**
Transactions with Shareholders:					
Shares redeemed	11	-	(17,763,595)	-	(17,763,595)
Total transactions with Shareholders		-	(17,763,595)	-	(17,763,595)
Total comprehensive loss for the year		-	-	(421,282)	(421,282)
Balance as at 31 December 2022		**-**	**79,113,509**	**12,534,819**	**91,648,328**

The accompanying notes on pages 18 to 38 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Statement of Financial Position
As at 31 December 2023

	Notes	31 December 2023 £	31 December 2022 £
Assets			
Investments at fair value through profit or loss	7	53,641,736	88,879,665
Derivatives at fair value through profit or loss	10	235,851	792,937
Derivative collateral paid in advance	10	-	550,000
Investment sale proceeds receivable		10,069,451	1,084,935
Other receivables and prepayments		123,249	109,610
Cash and cash equivalents		14,549,682	7,233,929
Total assets		**78,619,969**	**98,651,076**
Liabilities			
Redemptions payable		9,049,114	6,893,676
Derivative collateral received in advance	10	330,000	-
Investment purchase payable		11,336	-
Other payables	9	81,193	109,072
Total liabilities		**9,471,643**	**7,002,748**
Net assets		**69,148,326**	**91,648,328**
Equity			
Share capital	11	-	-
Share premium	11	58,799,678	79,113,509
Retained earnings		10,348,648	12,534,819
Total equity		**69,148,326**	**91,648,328**
Number of Class A Shares in issue	11	61,565,427	73,764,740
Net Asset Value per Class A Share	12	£1.11	£1.14
Number of Class C Shares in issue	11	1,035,683	6,918,890
Net Asset Value per Class C Share	12	£1.03	£1.06
Number of Class D Shares in issue	11	-	250,000
Net Asset Value per Class D Share	12	-	£1.08

The Financial Statements on pages 14 to 38 were approved by the Board of Directors and authorised for issue on 13 June 2024 and signed on its behalf by:

Peter Griffin
Director

The accompanying notes on pages 18 to 38 form an integral part of these Financial Statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Statement of Cash Flows
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Cash inflows from operating activities			
Operating loss for the year		(2,165,476)	(421,282)
Adjustment for:			
Increase in other receivables and prepayments		(13,639)	(35,090)
Unrealised foreign exchange loss/(gain) on derivatives at fair value through profit or loss		557,086	(923,065)
Decrease in derivative collateral paid in advance	10	550,000	1,170,000
Increase in derivative collateral received in advance	10	330,000	-
(Decrease)/increase in other payables		(27,879)	33,513
Purchase of financial instruments		(31,192,575)	(12,738,642)
Proceeds from sale of financial instruments		53,516,168	33,985,986
Realised gains on financial instruments at fair value through profit or loss	7	(3,636,496)	(3,787,808)
Unrealised losses/(gains) on financial instruments at fair value through profit or loss	7	7,577,652	(960,060)
Net cash inflows from operating activities		**25,494,841**	**16,323,552**
Cash outflows from financing activities			
Payments on redemption of Shares		(18,179,088)	(13,460,383)
Net cash outflows used in financing activities		**(18,179,088)**	**(13,460,383)**
Net increase in cash and cash equivalents		**7,315,753**	**2,863,169**
Cash and cash equivalents at beginning of year		**7,233,929**	**4,370,760**
Cash and cash equivalents at end of year		**14,549,682**	**7,233,929**
Net cash from operating activities include:			
Interest received on cash balances		84,249	42,440
Interest paid on cash balances		2,891	2,764

The accompanying notes on pages 18 to 38 form an integral part of these Financial Statements.

1. General Information

Handelsbanken Alternatives Fund Limited ("HAF" or the "Company") is a closed-ended investment company registered with limited liability in Guernsey on 1 July 2016 and is authorised under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. On 22 July 2016, the Company was admitted to The International Stock Exchange ("TISE").

The Company initially issued Sterling Shares, designated as Class A Shares, Class B Shares, Class C Shares and Class D Shares. Class A Shares have been active from inception to date and are only available for issue to the Investment Manager and certain accounts, funds or other vehicles controlled or managed by the Investment Manager, and such other persons as the Directors may determine in their absolute discretion. Class B Shares were listed on 2 January 2018 and following redemption of all Class B Shares on 4 January 2021 they were cancelled from the Official List of TISE with effect from 26 March 2021. Class C Shares were listed on 2 July 2018. Class D Shares were listed on 3 April 2018 and following redemption of all Class D Shares on 2 October 2023 they were cancelled from the Official List of TISE with effect from 14 March 2024.

On 4 August 2023, TISE approved an extension of the Extended Offer Facility for the period from 21 July 2023 to 21 July 2024 in respect of Class A Shares and for the period from 2 July 2023 to 2 July 2024 in respect of Class C Shares.

The Company aims to provide long-term growth through a diversified, global, multi-strategy portfolio which, amongst other things, provides access to specialist and/or alternative funds and vehicles.

The Company's portfolio is expected to be mainly comprised of investments that are deemed to be specialist and/or alternative strategies, and which are considered to have an attractive medium to long-term return potential through capital return and/or income. These specialists and/or alternative investments may target specific sectors, themes or geographies and may include private equity, hedge funds, property, alternative credit and infrastructure linked investments.

2. Material Accounting Policy Information

The following principal accounting policies have been applied consistently in the preparation of these annual audited financial statements (the "Financial Statements").

Statement of compliance and basis of preparation

These Financial Statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with applicable legal and regulatory requirements of Guernsey law and the Listing Rules of The International Stock Exchange.

Accounting Convention

The preparation of financial statements in conformity with IFRS requires directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. More detail is given in note 4.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which they relate and do not omit any matter or development of significance.

Going concern

The Directors have made an assessment of the Company's financial position as at 31 December 2023 and of its ability to continue as a going concern for a period of at least 12 months following the approval of these Financial Statements. The Directors are satisfied that the Company has considerable financial resources, combined with a relatively low level of expenses, which are able to be covered for the foreseeable future, no external debt and the fact that shareholder redemptions are restricted to quarterly redemptions and only with Director's approval.

2. Material Accounting Policy Information (continued)

Going concern (continued)
The Directors also note that overall, due to the nature of the Company's portfolio, which – as discussed in more detail in the Investment Manager's report – comprises a diversified mix of defensive strategies generally with low correlations to broader financial markets and asset classes, it has not been affected significantly in terms of value or cashflows by the factors that may impact its performance (including the potential impact on markets and supply chains of geo-political risks and continuing macro-economic factors and inflation). Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the Directors have continued to adopt the going concern basis in preparing these Financial Statements.

New Accounting Standards, interpretations and amendments effective 1 January 2023
The below new standards, amendments to standards and interpretations were effective for the current year, except for the Disclosure of Accounting Policies (Amendment to IAS 1). The Disclosure of Accounting Policies amendment generated a review of and reduction in the accounting policy disclosures so that only the material accounting policy information is now provided. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of the financial statements make based on those financial statements.

- IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities and the disclosure of accounting policies, effective for periods commencing on or after 1 January 2023);

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and

- IAS 8 (amended), "Accounting Policies, Changes in Accounting Estimates and Errors" (amendments regarding the definition of accounting estimates, effective for accounting periods commencing on or after 1 January 2023).

The Directors have reviewed and assessed the above new standards, interpretations and amendments that were effective 1 January 2023 and concluded that none of these has a material impact on the financial statements of the Company.

New Accounting Standards, interpretations and amendments issued but not yet effective
At the date of approval of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1 (amended), "Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1" (amendments to clarify which entity affect the classification of liabilities and to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period, effective for periods commencing on or after 1 January 2024); and

- IFRS Sustainability Disclosure Standards, "IFRS S1 General Requirements for Disclosure of Sustainability - related Financial Information and IFRS S2 Climate-related Disclosures" (set outs rules that enables companies to identify and report all sustainability-related risks and opportunities that could affect the prospects of the business,effective for periods commencing on or after 1 January 2024).

Any standards that are deemed not relevant to the operations of the Company have been excluded. The Directors expect that the adoption of these amended standards in a future period will not have a material impact on the Financial Statements of the Company.

Financial Instruments
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

2. Material Accounting Policy Information (continued)

Financial Assets
The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

The Company's financial assets may comprise:

- Investments at fair value through profit or loss
- Derivatives at fair value through profit or loss
- Derivative collateral paid in advance
- Investment sale proceeds receivable
- Other receivables
- Cash and cash equivalents

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ("FVTPL").

Fair Value through Profit or Loss

Investments
The Company's investments are classified by the Directors as at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed income securities are designated as at fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Company's key management personnel.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned and are initially measured at fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The Directors value all investments in funds at the net asset values of those funds as at the relevant valuation date, as determined in accordance with the terms of the funds and as notified to the Company by the relevant fund manager or the relevant administrator, as the net asset values best represent fair value. The valuation date of each fund may not always be coterminous with the valuation date of the Company and in such cases the valuation of the fund at the last valuation date prior to the reporting date is used with an estimation of movement since that date. These estimates are continually reviewed after the reporting date, for any additional information that existed at the reporting date that may require adjustments to the financial statements.

Side pocket investments are classified separately from the main portfolio assets. Side pocket investments are valued using appropriate valuation techniques, which may include discounted cash flow analysis, third-party appraisals, or other relevant methods. The valuation is reviewed and adjusted as necessary to reflect changes in the fair value of the underlying assets.

The net asset values reported by the relevant fund managers and/or fund administrators and used by the Directors as at 31 December 2023 may be unaudited as at that date and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund as at 31 December 2023.

Gains and losses arising from changes in the fair value of investments classified as at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

2. Material Accounting Policy Information (continued)

Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at the end of each reporting period. The Company does not apply hedge accounting to its derivatives and so fair value changes are included in net gains/(losses) within the Statement of Comprehensive Income.

Financial assets held at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributed to their acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed below.

Derivative collateral paid in advance, receivables and cash and cash equivalents are classified as financial assets at amortised cost.

Impairment of financial assets
IFRS 9 introduced the expected credit loss ("ECL") model which potentially brings forward the timing of impairments. Under IFRS 9 for receivables the Company has elected to apply the simplified approach. Under the simplified approach the requirement is to always recognise lifetime ECLs. Under the simplified approach practical expedients are available to measure lifetime ECLs but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

As at 31 December 2023, after an impairment assessment has been carried out, taking into account the credit risk of the relevant counterparties, appropriate historical loss rates, and forward looking factors, the Directors have concluded that the ECL on receivables would be immaterial to these Financial Statements.

Derecognition of financial assets
A financial asset (in whole or in part) is derecognised:

- when the Company has transferred substantially all the risk and rewards of ownership; or
- when it has not retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Fair Value Measurement Hierarchy
IFRS requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 8). The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

2. Material Accounting Policy Information (continued)

Cash and Cash Equivalents
Cash includes amounts held in interest bearing overnight accounts. Cash and cash equivalents comprise bank balances held by the Company including short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows as arising from operating activities.

Derivative collateral
Under the terms of its currency forward contract with Record Currency Management Limited, the Company may be required in certain circumstances to retain balances in collateral accounts representing the applicable margin on each facility.

However, when the currency forward contracts are in a positive position, Record Currency Management Limited may deposit funds with the Company against the positive value of the currency forward contract.

Financial liabilities
The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on the trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated, the carrying amounts of the Company’s financial liabilities approximate to their fair values.

The Company’s financial liabilities comprise redemptions payable, derivatives at fair value through profit or loss and other payables and have been recognised at amortised cost.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Income
Dividend income from investments is recognised when the Company’s right to receive payment has been established, normally the ex-dividend date.

Management fee rebates and Performance fee rebates are offered by the respective investment manager as discounts to the management and/or performance fees in the forms of refunds on quarterly and bi-annual bases respectively. Management and Performance fee rebates are recognised when the Company’s right to receive payment has been established as advised by the respective investment manager.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Expenses
All expenses are accounted for on an accruals basis and are presented as revenue items except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds and are consequently recognised within ‘Net gains on investments at fair value through profit or loss’.

2. Material Accounting Policy Information (continued)

Share Capital

The Company's legal documents do not provide Shareholders with any entitlement to require the Company to redeem Shares for cash or otherwise. The Directors do however retain the discretion to allow redemptions by Shareholders of their Shares and, in normal market circumstances and subject to available liquidity in the Company's portfolio, the Directors intend to exercise their discretion to allow redemptions on the following periodic basis:

Redemption days will be fixed quarterly dates, being the first business day of each of January, April, July and October, and Shareholders will be required to give at least 90 calendar days' notice to the Administrator in respect of a redemption day.

Foreign Currency Translation

The Company's Shares are denominated in Sterling and the majority of its expenses are incurred in Sterling. Accordingly, the Directors have determined that the functional currency is Sterling. Sterling is also the presentation currency of the Financial Statements.

Monetary foreign currency assets and liabilities are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date. Investment transactions and income and expenditure items are translated at the rate of exchange ruling at the date of the transactions. Gains and losses on foreign exchange are included in the Statement of Comprehensive Income.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

For management purposes, the Company is organised into one main operating segment, which focuses on long-term growth from investments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the Financial Statements of the Company as a whole.

3. Taxation

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above-mentioned Ordinance entails payment by the Company of an annual fee of £1,200 (31 December 2022: £1,200) for each year in which the exemption is claimed.

The taxation charge included in the Statement of Comprehensive Income, represents irrecoverable withholding taxes incurred on investment income received in the year. There was no taxation charge for the year ended 31 December 2023 (31 December 2022: £Nil).

4. Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in note 2 to the Financial Statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Critical accounting judgements and estimates (continued)

Fair value of Investments at fair value through profit or loss

The Company invests in a diversified range of hedge fund strategies and other alternative assets. The investments are valued at the net asset value of that fund as at the relevant valuation date in accordance with the terms of the fund and as notified by the relevant fund manager/administrator. The Directors consider these net asset values reported to best represent the fair value of investments as the underlying fund managers/administrators adopt fair value accounting for their underlying investments when generating their net asset values. However, the valuation date prior to the reporting date may be non-coterminous with the valuation date of the Company and hence in such cases the latest valuation as adjusted for estimates provided by the manager or administrator is used. Any estimates made are cross checked against the subsequently received net asset value statement and the differences at 31 December 2023 and 31 December 2022 are insignificant. The net asset value reported by the fund manager or administrator may be unaudited and may differ from the amounts which would have been realised from a redemption of the investment in the relevant fund.

Underlying Investments which are investment funds will be valued using the values (whether final or estimated) as advised by their managers, general partners, or administrators. The valuations for the side pocket assets ("underlying investments") have been provided by the managers and / or administrators of the underlying investments and these valuations have been relied upon in good faith to determine the value of the underlying investments.

5. Material Agreements

The Company is responsible for the continuing fees of the Administrator, the Investment Manager, the Custodian, the Secretary, the Investment Services provider and the Directors in accordance with the Administration Agreement dated 30 November 2018, the Investment Management Agreement dated 12 July 2016, the Custodian Agreement dated 30 November 2018 and the Investment Services Agreement dated 13 December 2018.

Administration, Secretarial and Risk Management Reporting fees

Sanne Fund Services (Guernsey) Limited (the "Administrator") was appointed pursuant to an Administration and Secretarial Agreement dated 30 November 2018 (the "Administration Agreement"). The Administration Agreement is terminable by either side on 90 days' written notice.

Under the terms of the Administration Agreement, the Administrator is entitled to receive:

- an annual administration fee of 0.06% per annum of the net asset value of the Company subject to a minimum of £72,149 (2022: £63,805) plus disbursements;
- a Risk Management Reporting fee at a rate of £29,805 (2022: £27,598) per annum, and;
- a secretarial fee of £47,689 (2022: £44,157) per annum for provision of company secretarial services

During the year, an amount of £111,448 (31 December 2022: £101,044) was paid in administration fees to the Administrator. Included in this amount was £28,653 (31 December 2022: £31,304) in respect of the Risk Management Reporting fee. In addition, an amount of £44,157 (31 December 2022: £42,722) was payable in secretarial fees, all of which was payable to the Administrator.

Management fees

The Investment Manager is paid by the Company an investment management fee of (i) 1 per cent. per annum in respect of Class B Shares; (ii) 0.75 per cent. per annum in respect of Class C Shares; and (iii) 0.5 per cent. per annum in respect of Class D Shares, in each case, of the month-end Net Asset Value of such Class of Shares (before deducting the amount of that month's investment management fee). The investment management fee shall be calculated and accrued as at the last Business Day of each month and be paid monthly in arrears. The Investment Manager is not entitled to receive an investment management fee in respect of the Class A Shares.

During the year, an amount of £26,724 (31 December 2022: £57,195) was paid in management fees. At the year end £752 management fees were payable (31 December 2022: £19,261).

5. Material Agreements (continued)

Custodian fees
Butterfield Bank (Guernsey) Limited (the "Custodian") was appointed to act as Custodian pursuant to an agreement dated 30 November 2018 (the "Custodian Agreement") to provide custody services to the listed section of the Company portfolio only.

Butterfield Bank (Guernsey) Limited, as Custodian, will be paid a custody fee of up to 0.06% of the Company's Net Asset Value subject to a minimum of £5,000 per annum or such other amount as may be agreed between the Company and the Custodian in accordance with the Custodian Agreement. The custodian fee shall accrue and be calculated as at the last Business Day of each month and be paid monthly in arrears.

The Custodian will also be paid transaction fees by the Company as agreed in writing from time to time between the Company and the Custodian. The Custodian will also be reimbursed by the Company for reasonable out-of-pocket expenses.

During the year, the amount of custodian fees paid was £5,005 (31 December 2022: £5,086).

Investment Services Agreement
On 13 December 2018, Record Currency Management Limited ("Record") was appointed, pursuant to an Investment Services Agreement dated 13 December 2018, to provide Investment Services in advising and managing part or all of the Company's foreign currency exposures using Record's currency hedging program.

For the services described above, Record is entitled to receive a management fee based on the fee mandate size of 0.10% of mandates of less than €100 million, 0.05% of mandates from €100 million to €1 billion and 0.03% of mandates over €1 billion. A minimum fee of £7,500 is payable per quarter.

In addition, Record established a panel of banks with which to trade as agent for the Company to provide its Investment Services. Record selects and maintains the banks on the panel in accordance with its credit risk policy as determined from time to time and as a result, Record is entitled to receive a Collateral Administration service fee of £10,000 per annum per bank on the panel.

During the year, management fees of £44,400 (31 December 2022: £44,400) and administration fees of £19,890 (31 December 2022: £20,000) were payable to Record.

Directors' fees
The Company, as a self-managed Alternative Investment Fund ("AIF"), is subject to a remuneration policy which is consistent with the principles defined in the European Securities and Markets Authority guidelines on sound remuneration policies under the AIFM Directive as per the remuneration policy. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of the Company's directors and senior management is in line with the risk policies and objectives of the Company.

William Simpson and Peter Griffin are entitled to an annual fee of £25,000 each. Marc Wood, who is an employee of the Investment Manager, has waived his entitlement to an annual fee of £25,000.

Year ended 31 December 2023	Charge for the year £	Amounts outstanding at 31 December 2023 £
Directors' fees	50,000	-
Management fees	26,724	752
Administration, Secretarial and Risk Management fees	155,605	8,853
Custodian fees	5,005	808
Investment services management fee	44,400	17,820
Investment services administration fee	19,890	4,890
	301,624	**33,123**

5. Material Agreements (continued)

Year ended 31 December 2022	Charge for the year £	Amounts outstanding at 31 December 2022 £
Directors' fees	50,000	-
Management fees	57,195	19,261
Administration, Secretarial and Risk Management fees	143,766	37,125
Custodian fees	5,086	1,247
Investment services management fee	44,400	12,016
Investment services administration fee	20,000	4,945
	320,447	**74,594**

6. Other Expenses

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Listing agent fee	12,889	10,131
Annual and regulatory fees	3,434	22,094
Commission & other charges	1,023	2,980
Other expenses	1,800	8,897
	19,146	**44,102**

7. Investments at Fair Value Through Profit or Loss

	31 December 2023 £	31 December 2022 £
Opening fair value as at beginning of year	**88,879,665**	**104,454,701**
Purchases at cost	31,203,911	23,734,853
Sales proceeds	(62,500,684)	(44,057,757)
Net (losses)/gains on investments at fair value through profit or loss	(3,941,156)	4,747,868
Closing fair value at end of year	**53,641,736**	**88,879,665**
Represented by		
Closing book cost	53,295,778	80,956,055
Closing revaluation of investments	345,958	7,923,610
	53,641,736	**88,879,665**
Realised gains on sales	3,636,496	3,787,808
Movement in unrealised (losses)/gains on investments	(7,577,652)	960,060
	(3,941,156)	**4,747,868**
Investment income	227,212	186,782
Net (losses)/gains on investments at fair value through profit or loss	**(3,713,944)**	**4,934,650**

As at 31 December 2023, £10,069,451 investment sales proceeds were receivable (31 December 2022: £1,084,935) and £11,336 (31 December 2022: £Nil) investment purchases were paid in advance.

8. Fair Value of Financial Instruments

IFRS has a hierarchical disclosure framework which prioritises and ranks the level of market price observability used in measuring investments at fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's significant financial assets and liabilities measured at fair value at 31 December 2023 and 31 December 2022:

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value				
Listed funds	1,166,730	1,718,626	-	2,885,356
Unlisted funds	-	49,078,702	1,677,678	50,756,380
Derivative financial instruments				
Forward foreign exchange contracts	-	235,851	-	235,851
	1,166,730	**51,033,179**	**1,677,678**	**53,877,587**

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investments at fair value				
Listed funds	2,010,313	11,807,430	-	13,817,743
Unlisted funds	-	75,061,922	-	75,061,922
Derivative financial instruments				
Forward foreign exchange contracts	-	792,937	-	792,937
	2,010,313	**87,662,289**	**-**	**89,672,602**

When fair values of listed equities and collectibles at the reporting date are based on quoted market prices or binding dealer price quotations and are actively traded, the instruments are included within level 1 of the hierarchy. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. These include traded listed equities.

Investments in quoted investment funds in a non-active market of unlisted investment funds are valued based on the reported net asset values per share as provided by the investee fund's administrator or investment manager and are included in level 2. Underlying investments (side pocket assets) are valued based on valuations of managers and or administrators of the underlying investments and are included in level 3.

Forward foreign exchange contracts are valued using the prevailing exchange rate at reporting date, which is then adjusted using forward points, sourced from Bloomberg, which are themselves based on the currency forward foreign exchange contract maturity date and are included in level 2.

The valuation and classification of the investments are reviewed on a regular basis. The Directors determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period and, unless caused by a specific event, the Company recognises transfers between levels of fair value hierarchy as at the end of the reporting period during which the change has occurred.

During the year ended 31 December 2023, an amount of £1,677,678 was transferred from Level 2 to Level 3 (31 December 2022: Transfers between level 1 and 2 had a fair value of £29,287).

9. Other Payables

	Note	31 December 2023 £	31 December 2022 £
Management fee	5	752	19,261
Administration, Secretarial and Risk Management fees	5	8,853	37,125
Custodian fees	5	808	1,247
Audit fee		33,392	27,923
Reporting fund status fees		5,843	4,279
Other payables		31,545	19,237
Total		**81,193**	**109,072**

The Directors consider that the carrying amount of other payables approximates fair value.

10. Financial Risk Management and Financial Instruments

Strategy in using financial instruments
The Company's portfolio comprised of a diverse range of investments including private equity, hedge funds, property, alternative credit, and infrastructure linked investments. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Categories of financial instruments

31 December 2023 Financial assets	Financial assets at FVTPL £	Financial assets at amortised cost £	Total £
Investments at fair value through profit or loss	53,641,736	-	53,641,736
Derivatives at fair value through profit or loss	235,851	-	235,851
Investment sales proceeds receivable	-	10,069,451	10,069,451
Other receivables (excluding prepayments)	-	116,409	116,409
Cash and cash equivalents	-	14,549,682	14,549,682
Total financial assets	**53,877,587**	**24,735,542**	**78,613,129**

31 December 2023 Financial liabilities			
Redemptions payable	-	9,049,114	9,049,114
Derivative collateral received in advance	-	330,000	330,000
Investment purchase payable	-	11,336	11,336
Other payables	-	81,193	81,193
Total financial liabilities	**-**	**9,471,643**	**9,471,643**

10. Financial Risk Management and Financial Instruments (continued)

Categories of financial instruments (continued)

31 December 2022 **Financial assets**	Financial assets at FVTPL £	Financial assets at amortised cost £	Total £
Investments at fair value through profit or loss	88,879,665	-	88,879,665
Derivatives at fair value through profit or loss	792,937	-	792,937
Derivative collateral paid in advance	-	550,000	550,000
Investment sales proceeds receivable	-	1,084,935	1,084,935
Other receivables (excluding prepayments)	-	106,464	106,464
Cash and cash equivalents	-	7,233,929	7,233,929
Total financial assets	**89,672,602**	**8,975,328**	**98,647,930**

31 December 2022 **Financial liabilities**			
Redemptions payable	-	6,893,676	6,893,676
Other payables	-	109,072	109,072
Total financial liabilities	**-**	**7,002,748**	**7,002,748**

The carrying amounts of financial assets and liabilities not at FVTPL are considered to be a reasonable approximation of fair value.

Risk management
The Company uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

Market risk
Market risk is the risk of changes in market prices, such as equity prices, interest rates and foreign exchange rates, affecting the Company’s income and/or the value of its holdings in financial instruments.

(i) Price risk
Price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company is exposed to securities price risk arising from investments held by the Company for which future prices are uncertain. The Investment Manager seeks to moderate this risk through careful selection of illiquid investments in the form of hedge funds and liquid investments in the form of equities.

All securities investments present a risk of loss of capital. As at 31 December 2023, the total exposure to market risk was £53,641,736 (31 December 2022: £88,879,665), which was 100% (31 December 2022: 100%) of the value of the Company’s investments at fair value through profit or loss. The Investment Manager moderates this risk through a careful selection of fund investments within specified limits in line with the Company’s stated investment policy as disclosed elsewhere within this note.

The Company invests in a portfolio consisting primarily of equities and hedge funds, which are held to obtain long term gains. Due to the inherent nature of investing in such funds, the Company does not seek to manage the risks that it is indirectly exposed to in the underlying hedge funds or investments, such as equity price risk, stock specific risk or the credit risk of the ultimate underlying debt instruments in which those funds invest and which, in aggregate, contribute to the net asset value of the Company, other than by the continual re-evaluation of whether and to what extent the Company should remain invested in each such fund.

The Company’s overall market positions are monitored on a monthly basis by the Company’s Investment Manager and are reviewed on a quarterly basis by the Board of Directors.

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

(i) Price risk (continued)
The maximum exposure to price risk is the carrying amount of investments at fair value through profit or loss.

The following details the Company's sensitivity to a 28% (31 December 2022: 11%) increase and decrease in the market prices of the equity securities and underlying hedge fund prices, with 28% (31 December 2022: 11%) being the sensitivity rate used when reporting equity price risk to the Directors and represents the Directors' assessment of a reasonably possible change in market prices given the market price volatility experienced on the Company's investment portfolio during the year. The sensitivity analysis increased from 11% in 2022 to 28% in 2023 due to a 17%, on average, increase in market price volatility experienced in 2023.

If the market prices at 31 December 2023 had increased/decreased by 28% (31 December 2022: 11%), with all other variables held constant, this would have increased/decreased net assets attributable to equity shareholders by approximately £15,019,686 (31 December 2022: £9,776,763).

(ii) Foreign currency risk
The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Company's financial assets or liabilities denominated in currencies other than Sterling.

Currency risk is monitored by the Investment Manager of the Company on a regular basis. Derivatives are used to manage exposure to foreign currency risk. In order to mitigate currency risk, the Company uses a leading currency management firm to manage the currency forwards. The management firm provides long standing experience in currency trades and, in addition, through the currency management firm, the Company is able to utilise various underlying providers of currency forwards in order to further mitigate any risk.

As part of these services, from time to time, margin calls will be made for which the Company will either be required to pay down collateral in advance or will receive collateral in advance to cover the position depending on the latest valuation of the currency forward. As at 31 December 2023, £330,000 (31 December 2022: £550,000 received in advance) of derivative collateral had been paid in advance by the Company.

As at 31 December 2023, the balance of derivatives at fair value through profit or loss was £235,851 asset (31 December 2022: £792,937 asset).

As at 31 December 2023, the total net foreign currency exposure was as follows:

	31 December 2023	31 December 2022
USD exposure	**£**	**£**
Financial assets at fair value through profit or loss	22,100,592	35,978,421
Derivatives at fair value through profit or loss	(31,953,347)	(38,582,321)
Other assets	2,871,702	1,189,307
Net USD exposure	**(6,981,053)**	**(1,414,593)**

If the USD exchange rate increased/decreased by 11% (31 December 2022: 30%) relative to Sterling, with all other variables held constant, the increase/decrease in the net assets attributable to equity shareholders would have been £+/-767,916 (31 December 2022: £+/-424,378). A 11% sensitivity has been used as a reasonably possible change in the foreign exchange rate given the relatively high foreign currency volatility of USD against Sterling during the year.

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

(ii) Foreign currency risk (continued)

During the year the following amounts of unrealised and realised foreign exchange gains/(losses) were recognised on the derivatives in the Statement of Comprehensive Income:

	31 December 2023 £	31 December 2022 £
Realised gains/(losses) on derivatives through profit or loss	2,215,535	(6,228,572)
Unrealised (losses)/gains on derivatives through profit or loss	(557,086)	923,065
Net foreign exchange gains/(losses) on derivatives through profit or loss	**1,658,449**	**(5,305,507)**

(iii) Interest rate risk

Other than its cash and cash equivalents, the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not directly subject to significant risk on these due to fluctuations in the prevailing levels of market interest rates. Any excess of cash or cash equivalents is invested at short-term interest rates.

The Company's cash and cash equivalents expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The tables below summarise the Company's direct exposure to interest rate risks:

31 December 2023	Floating rate £	Non-interest bearing £	Total £
Financial assets			
Investments at fair value through profit or loss	-	53,641,736	53,641,736
Derivatives at fair value through profit or loss	-	235,851	235,851
Investment sales proceeds receivable	-	10,069,451	10,069,451
Other receivables (excluding prepayments)	-	116,409	116,409
Cash and cash equivalents	14,549,682	-	14,549,682
Total financial assets	**14,549,682**	**64,063,447**	**78,613,129**
Financial liabilities			
Redemptions payable	-	9,049,114	9,049,114
Derivative collateral received in advance	-	330,000	330,000
Investment purchase payable	-	11,336	11,336
Other payables	-	81,193	81,193
Total financial liabilities	**-**	**9,471,643**	**9,471,643**
Total interest sensitivity gap	**14,549,682**	**54,591,804**	**69,141,486**

10. Financial Risk Management and Financial Instruments (continued)

Market risk (continued)

(iii) Interest rate risk (continued)

31 December 2022	Floating rate	Non-interest bearing	Total
	£	£	£
Financial assets			
Investments at fair value through profit or loss	-	88,879,665	88,879,665
Derivatives at fair value through profit or loss	-	792,937	792,937
Derivatives collateral paid in advance	-	550,000	550,000
Investment sales proceeds receivable	-	1,084,935	1,084,935
Other receivables (excluding prepayments)	-	106,464	106,464
Cash and cash equivalents	7,233,929	-	7,233,929
Total financial assets	**7,233,929**	**91,414,001**	**98,647,930**
Financial liabilities			
Redemptions payable	-	6,893,676	6,893,676
Other payables	-	109,072	109,072
Total financial liabilities	**-**	**7,002,748**	**7,002,748**
Total interest sensitivity gap	**7,233,929**	**84,411,253**	**91,645,182**

At 31 December 2023, the Company's cash and cash equivalents were held in bank accounts with interest rates at 0.25%. As a result, the Company did not have any significant exposure to a negative interest rate movement on its cash and cash equivalents. The following details the Company's sensitivity to a 1% increase (31 December 2022: 1% increase) in interest rates on interest bearing assets, with a 1% increase being the Company's assessment of a reasonably possible change in interest rates during the year.

At 31 December 2023, should interest rates have increased by 1% (31 December 2022: 1% lower/higher) with all other variables remaining constant, the increase in net assets attributable to equity shareholders for the year would amount to approximately £145,497 (31 December 2022: increase of £72,339).

The Investment Manager monitors the Company's overall interest sensitivity on a regular basis by reference to prevailing interest rates and the level of the Company's cash balances and any debt.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The investments of the Company are determined by the Investment Manager in accordance with the criteria set out in the Company's scheme particulars. Impairment provisions are provided for losses that have been incurred by the reporting date, if any.

At 31 December 2023, the Company's maximum exposure to credit risk on cash and cash equivalents, investment sales proceeds receivable, derivatives at fair value through profit and loss and trade and other receivables amounted to £24,971,393 (31 December 2022: £9,768,265).

All investments are made through funds, fund-of-funds and liquid investments. Any underlying credit risk exposures in those funds' investments are reflected within the fair value of those funds or fund-of-funds investments held by the Company. See equity price risk disclosures within these Financial Statements for further details on the Company's exposure to equity price risk.

10. Financial Risk Management and Financial Instruments (continued)

Credit risk (continued)
The credit risk of the Company's cash and cash equivalents is mitigated as all cash is placed with reputable banking institutions with a sound credit rating. RBSI has a Standard & Poor's rating of A (31 December 2022: A-). Butterfield Bank has a Standard & Poor's rating of BBB+ (31 December 2022: BBB+). Currency forward collateral may be held with these institutions if required.

The Company is exposed to credit risk in relation to derivatives at fair value through profit and loss. The Board has mitigated this risk by appointing Record Currency Management ("RCM") who use an established panel of reputable banks to place forward foreign exchange contracts on behalf of the Company.

The Company is also exposed to credit risk in relation to investment sales proceeds receivable. In some cases, investments may have long redemption periods and in such cases, the redemption date for any investment sale proceeds is monitored to ensure receipt of sale proceeds when due. To further mitigate this risk, the Company seeks to achieve a level of diversification in relation to its underlying investment portfolio.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Company is closed-ended and Shares are redeemable at the Directors' discretion. Therefore, the Company is not exposed to the risk of Shareholder redemptions. In order to mitigate liquidity risk, borrowings may not exceed 20% of the last announced net asset value at the time of drawdown of any such borrowings. The Company does not have any borrowings as at year end. The Company's main assets are investments in hedge funds which are traded in an environment where deal timescales can take place over months. As a result, the Company may not be able to liquidate quickly some of its investments at an amount close to its fair value in order to meet liquidity requirements. Cash flows are forecast by the Investment Manager in order to ensure timely deployment of capital following subscriptions. The Investment Manager also maintains a schedule of redemptions to ensure that sufficient cash is held in order to meet redemption payments as they fall due.

The financial liabilities in the tables below are the contractual undiscounted cash flows. The investments have been included on the earliest possible redemption dates available as per the investment documentation. The financial assets have been included for added information.

31 December 2023	Less than 1 month £	1 – 3 months £	3 – 12 months £	1 – 2 years £	Total £
Financial assets					
Investments at fair value through profit or loss	16,750,687	25,958,391	7,627,829	3,304,829	53,641,736
Derivatives at fair value through profit and loss	-	105,791	130,060	-	235,851
Investment sales proceeds receivable	10,069,451	-	-	-	10,069,451
Other receivables (excluding prepayments)	-	116,409	-	-	116,409
Cash and cash equivalents	14,549,682	-	-	-	14,549,682
Total financial assets	**41,369,820**	**26,180,591**	**7,757,889**	**3,304,829**	**78,613,129**
Financial liabilities					
Redemptions payable	8,597,199	451,915	-	-	9,049,114
Derivative collateral received in advance	-	330,000	-	-	330,000
Investment purchase payable	-	11,336	-	-	11,336
Other payables	48,070	33,123	-	-	81,193
Total financial liabilities	**8,645,269**	**826,374**	**-**	**-**	**9,471,643**
Liquidity gap	**32,724,551**	**25,354,217**	**7,757,889**	**3,304,829**	**- 69,141,486**

10. Financial Risk Management and Financial Instruments (continued)

Liquidity risk (continued)

31 December 2022	Less than 1 month £	1 – 3 months £	3 – 12 months £	1 – 2 years £	Total £
Financial assets					
Investments at fair value through profit or loss	27,897,525	21,057,991	36,692,062	3,232,087	88,879,665
Derivatives at fair value through profit and loss	-	676,815	116,122	-	792,937
Derivative collateral paid in advance	-	-	550,000	-	550,000
Investment sales proceeds receivable	1,084,935	-	-	-	1,084,935
Other receivables (excluding prepayments)	-	106,464	-	-	106,464
Cash and cash equivalents	7,233,929	-	-	-	7,233,929
Total financial assets	**36,216,389**	**21,841,270**	**37,358,184**	**3,232,087**	**98,647,930**
Financial liabilities					
Redemptions payable	3,451,802	3,441,874	-	-	6,893,676
Other payables	34,478	74,594	-	-	109,072
Total financial liabilities	**3,486,280**	**3,516,468**	**-**	**-**	**7,002,748**
Liquidity gap	**32,730,109**	**18,324,802**	**37,358,184**	**3,232,087**	**91,645,182**

Capital Risk Management

The Company's capital comprises of its share capital, share premium and retained earnings. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to Shareholders and to maintain a strong capital base to support the development of the investment activities of the Company. The Company's legal documents do not provide Shareholders with any entitlement to require the Company to redeem their Shares for cash or otherwise. The Directors do, however, retain the discretion to allow redemptions by Shareholders of their Shares and, in normal market circumstances and subject to available liquidity in the Company's portfolio, the Directors intend to exercise their discretion to allow redemptions on the following periodic basis: Redemptions days will be fixed quarterly dates, being the first Business Day of each of January, April, July and October, and Shareholders will be required to give at least 90 calendar days' prior written notice to the Administrator in respect of a Redemption Day.

11. Share Capital

Authorised share capital

The Company's authorised Share capital consists of an unlimited number of ordinary Shares of no par value and 1 management Share of no par value.

The Company initially issued Sterling Shares, designated as Class A Shares, Class B Shares, Class C Shares and Class D Shares. Class B Shares were fully redeemed on 4 January 2021 and cancelled from the Official List of TISE with effect from 26 March 2021. Class D Shares were fully redeemed on 2 October 2023 and cancelled from the Official List of TISE with effect from 14 March 2024.

Class A Shares are only available for issue to the Investment Manager and certain accounts, funds or other vehicles controlled or managed by the Investment Manager, and such other persons as the Directors may determine in their absolute discretion.

As per note 5, there are no management fees accrued on Class A Shares. However, there are annual management fees accrued of 0.75% of Class C Shares and 0.5% of Class D Shares respectively. The Company has no performance fee agreements in place with the Investment Manager.

11. Share Capital (continued)

Authorised share capital (continued)
In the event of the winding up of the Company, all Share classes are equally eligible to receive dividends and the repayment of capital remaining after the payment of creditors. Each Share represents one vote at the Shareholders' meeting.

Issued Share capital
As at 31 December 2023, the Company has issued Class A Shares, Class C Shares, and 1 management share.

Issued and fully paid Shares	Class A Number of Shares	Class C Number of Shares	Class D Number of Shares	Total Number of Shares
Opening balance at 1 January 2023	73,764,740	6,918,890	250,000	80,933,630
Shares issued	-	-	-	-
Shares redeemed	(12,199,313)	(5,883,207)	(250,000)	(18,332,520)
Closing balance at 31 December 2023	**61,565,427**	**1,035,683**	**-**	**62,601,110**

Issued and fully paid Shares	Class A Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2023	71,763,509	7,100,000	250,000	79,113,509
Shares issued	-	-	-	-
Shares redeemed	(13,843,755)	(6,220,076)	(270,695)	(20,334,526)
Transfer to retained earnings on closure of Class shares	-	-	20,695	20,695
At 31 December 2023	**57,919,754**	**879,924**	**-**	**58,799,678**

11. Share Capital (continued)

Issued Share capital (continued)

Issued and fully paid Shares	Class A Number of Shares	Class C Number of Shares	Class D Number of Shares	Total Number of Shares
Opening balance at 1 January 2022	89,220,076	6,918,890	250,000	96,388,966
Shares issued	-	-	-	-
Shares redeemed	(15,455,336)	-	-	(15,455,336)
Closing balance at 31 December 2022	73,764,740	6,918,890	250,000	80,933,630

Issued and fully paid Shares	Class A Share Premium £	Class C Share Premium £	Class D Share Premium £	Total Share Premium £
Opening balance at 1 January 2022	89,527,104	7,100,000	250,000	96,877,104
Shares issued	-	-	-	-
Shares redeemed	(17,763,595)	-	-	(17,763,595)
At 31 December 2022	71,763,509	7,100,000	250,000	79,113,509

The Share premium account comprises all amounts received from the subscription of Shares.

The Company has not taken, and does not propose to take, authority to purchase in the market any of its own issued Shares.

The retained earnings account is any surplus arising from total comprehensive income less any dividends paid.

12. Net Asset Value per Ordinary Share

The net asset value per Class A, Class C and Class D Shares is calculated based on the net assets attributable to Class A, Class C and Class D Shareholders on the number of Class A, Class C and Class D Shares in issue at 31 December 2023, as detailed below.

	31 December 2023	31 December 2022
Financial Statements NAV:		
Class A Shares	£68,085,464	£84,011,678
Class C Shares	£1,062,862	£7,367,317
Class D Shares	£-	£269,333
No. of Class A Shares in issue	61,565,427	73,764,740
No. of Class C Shares in issue	1,035,683	6,918,890
No. of Class D Shares in issue	-	250,000
NAV per Class A Share	£1.11	£1.14
NAV per Class C Share	£1.03	£1.06
NAV per Class D Share	£-	£1.08

13. Related Party Transactions

The Investment Manager and the Directors are regarded as related parties as shown in note 5. The only material related party transactions are described below:

The Company was launched primarily as a means for the Investment Manager's discretionary multi asset investment portfolios to access a wider range of alternative assets, through the Investment Manager purchasing A Shares on behalf of these portfolios. No management fee is incurred on A Shares. The Company is monitored by the Investment Manager's common director with the Company, Marc Wood, and the remaining Directors. In addition, investors may also invest in the Company on a standalone basis (i.e. outside of a discretionary multi-asset investment portfolio) via C and D Shares which incur a management fee (as described in note 5).

During the year, the investment management fees earned by the Investment Manager, for each share class were as follows:

Year ended 31 December 2023	Charge for the year £	Amounts Outstanding at 31 December 2023 £
Class A	-	-
Class C	21,948	752
Class D	4,776	-
Total	**26,724**	**752**

Year ended 31 December 2022	Charge for the year £	Amounts Outstanding at 31 December 2022 £
Class A	-	-
Class C	55,836	18,803
Class D	1,359	458
Total	**57,195**	**19,261**

During the year, Directors' fees of £50,000 (31 December 2022: £50,000) were incurred and as at 31 December 2023, £Nil was payable (31 December 2022: £Nil).

14. Earnings Per Share

Basic earnings per Share ("EPS") is calculated by dividing the profit or loss for the year by the weighted average number of ordinary Shares outstanding during the year.

	Year ended 31 December 2023	Year ended 31 December 2022
Comprehensive loss attributable to Class A Shares	£(2,035,089)	£(333,981)
Weighted average number of shares in issue – Class A	67,842,035	79,529,330
Loss per share for Class A Shares – basic and diluted	£(0.0300)	£(0.0042)
Comprehensive loss attributable to Class C Shares	£(119,981)	£(84,892)
Weighted average number of shares in issue – Class C	3,268,057	6,918,890
Loss per share for Class C Shares – basic and diluted	£(0.0367)	£(0.0123)
Comprehensive loss attributable to Class D Shares	£(10,406)	£(2,409)
Weighted average number of shares in issue – Class D	187,671	250,000
Loss per share for Class D Shares – basic and diluted	£(0.0554)	£(0.0096)

The Company's diluted EPS is the same as the basic EPS, since the Company has not issued any instruments with dilutive potential.

15. Ultimate Controlling Party

The Directors consider that the Company has no ultimate controlling party as the Shares are held by a number of parties with none of them having a controlling interest.

16. Commitments and Contingencies

There are no commitments or contingencies to report at the reporting date (31 December 2022: None).

17. Subsequent Events

Effective 14 March 2024, Class D shares have been delisted from the Official List of TISE.

On 05 June 2024, the Company was informed that Quintar is currently undergoing investigation by SFC in Hong Kong and all new investments and subscription into the fund has been suspended. Quintar hired forensic accountants, Grant Thornton, to look into the transactions, and is confident that they have had no impact on the fund, and the transactions relate to the managed account only. As a result, the member of the Board has been replaced and in terms of the Company's receivable from the main fund, it is still expected to be paid in full and the side pocket also continue to be liquidated and proceeding as scheduled. During the impairment assessment, this factor was taken into account and the Directors have concluded that the ECL on these receivables would not be material to these financial statements.

The Directors are not aware of any other material events which occurred after the reporting date and up to the date of this report, that would require adjustment to or disclosure in the Company's financial statements.

HANDELSBANKEN ALTERNATIVES FUND LIMITED
Portfolio Statement (unaudited)
As at 31 December 2023

Security	Nominal	Market Value GBP	% of Net Assets	Listed/ Unlisted
Funds – GBP				
Advance Trade Growth Offshore Fund Ltd	2,808	3,490,679	5.05%	Unlisted
Blue Diamond Non Directional Fund SP	32,868	5,817,859	8.41%	Unlisted
Fidelity Institutional Liquidity Fund Plc	1	18,270	0.03%	Unlisted
Goldman Sachs Sterling LR Fund	149	2,278,384	3.29%	Unlisted
Lodbrok European Credit Opportunities Fund Limited	1,650	2,274,148	3.29%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class	25,736	2,642,612	3.82%	Unlisted
Mint Tower Arbitrage Fund GBP G-Class	8,000	786,999	1.14%	Unlisted
RV Capital Asia Opportunity UCITS Fund	14,361	1,718,626	2.48%	Listed
Twelve Capital UCITS ICAV Twelve Cat Bond Fund I	50,470	5,474,946	7.92%	Unlisted
Universa Black Swan Protection Protocol Offshore	32,511	304,465	0.44%	Unlisted
Victory Arcadia Fund Class B Series 1	2,541	6,734,156	9.74%	Unlisted
Total Funds – GBP		**31,541,144**	**45.61%**	
Funds – USD				
AlphaQuest Original Limited - Class E	3,774	3,461,606	5.01%	Unlisted
Ancile Cayman Fund Class UDIB	3,107	369,737	0.53%	Unlisted
Arion Copper Arbitrage Strategy SP 0722	41,689	3,798,855	5.49%	Unlisted
Asian Recovery SPV I SPV 2 - Series 054Oct21	17,160	419,267	0.61%	Unlisted
Asian Recovery SPV II SPV 3 - Series 054Oct21	33,258	855,901	1.24%	Unlisted
F1 Asian Direct Lending SPV 1 - 1B Series 054Oct21	638	22,298	0.03%	Unlisted
F1 Asian Direct Lending SPV 1 - 1C Series 054Oct21	1,992	69,669	0.10%	Unlisted
F1 Asian Direct Lending SPV 1 - 1D Series 054Oct21	3,984	139,338	0.20%	Unlisted
F2 Asian Direct Lending SPV 1 - 1B Series 054Oct21	1,527	53,421	0.08%	Unlisted
F2 Asian Direct Lending SPV 1 - 1C Series 054Oct21	4,773	166,911	0.24%	Unlisted
F2 Asian Direct Lending SPV 1 - 1D Series 054Oct21	9,545	333,822	0.48%	Unlisted
Kimura Kyen Side Pocket	341	77,219	0.11%	Unlisted
Kimura Rhodium Side Pocket	2,828	1,582,705	2.29%	Unlisted
Leadenhall Val Ins LNK	564	14,982	0.02%	Unlisted
Leadenhall Val Ins LNK - Side Pocket	182	17,754	0.03%	Unlisted
Polar Multi-Strategy Fund Series 1 2022	8,012	4,501,161	6.51%	Unlisted
Riverstone Credit Opportunities Income Plc	1,721,500	1,166,730	1.69%	Listed
Ski Time Square Limited Class B Series 00 1June13	39,274	4,089,166	5.91%	Unlisted
Ski Time Square Limited Class B Series 15 6Oct23	12,500	960,050	1.39%	Unlisted
Total Funds – USD		**22,100,592**	**31.96%**	
Total investments at fair value through profit or loss		**53,641,736**	**77.57%**	
Other net assets		15,506,590	22.43%	
Total Net Assets		**69,148,326**	**100.00%**	

Management structure of the Handelsbanken Alternatives Fund Limited

The Handelsbanken Alternatives Fund Limited ("the Company") is deemed to be a self-managed Alternative Investment Fund ("AIF") and the Company is identified as its own Alternative Investment Fund Manager "AIFM" acting through the Board of Directors (the "Manager"). The Manager performs the risk management function and oversees the portfolio management of the Company, which the Company has delegated to the Investment Manager.

The Investment Manager, Handelsbanken Asset Management Limited (a trading name of Handelsbanken Wealth & Asset Management), is responsible for the management of the Company's assets, subject to the ultimate supervision and control of the Manager. Handelsbanken Wealth & Asset Management is a subsidiary of Handelsbanken Plc.

The Company has no direct employees. The Company pays an annual Directors fee to each of the Directors. One Director is also an employee of Handelsbanken Wealth & Asset Management and his Directors fee is waived. Handelsbanken Wealth & Asset Management receives an ad valorem fee for portfolio management of the Company.

Handelsbanken Wealth & Asset Management is also the appointed Investment Manager for other AIFs. Handelsbanken Wealth & Asset Management remunerates its employees for services they provide in relation to these AIFs and other factors. Remuneration paid in relation to the Company is not attributed to the Company itself.

Information on the Investment Manager's Remuneration policy

Due to the management structure of the Company the Manager does not have a remuneration policy. The Investment Manager has implemented a remuneration policy (the "Remuneration Policy") which is compliant with the MIFIDPRU remuneration requirements as prescribed in SYSC 19G and the AIFM Remuneration Code as prescribed in SYSC 19B of the FCA Handbook. The Remuneration Policy is designed to support Handelsbanken Wealth & Asset Management's business strategy, and the objectives, values and long-term interests of clients and the AIFs and other discretionary investment portfolios for which Handelsbanken Wealth & Asset Management is the appointed Investment Manager.

Handelsbanken Wealth & Asset Management compensates its employees at a level sufficient to attract and retain suitably qualified and experienced staff. All employees are remunerated with a basic salary and benefits and this is benchmarked against an industry peer group.

Employees (excluding members of the Investment team) are not eligible for variable remuneration awards, with the exception of the Oktogonen profit sharing scheme. The Oktogonen scheme is a Share Incentive Plan eligible to all employees, based on profitability metrics linked to Handelsbanken Plc's corporate goals. All participating employees are allocated an equal amount regardless of work duties or managerial status.

Members of the Investment team who are involved in conducting research and making investment decisions are eligible for a discretionary variable remuneration award which is linked to their investment research and their contribution to the investment performance of the AIFs and discretionary investment portfolios. Employee good corporate governance and compliance is also taken into consideration.

Variable remuneration awarded can be up to one hundred percent of an employee's basic salary. At least fifty percent of variable remuneration awards are deferred for three to four years. The deferred variable remuneration award is vested after assessment against behavioural and performance metrics.

Company related remuneration disclosure

The information disclosed below reflects the aggregated total amount of remuneration paid by the Company to the Manager and the apportioned remuneration paid by the Investment Manager to its employees who are fully or partly involved in the activities of the Company. The disclosure relates to the 12 month period starting 1 January 2023 to the financial year ended 31 December 2023.

Description	Number of beneficiaries	Total remuneration
Total remuneration paid to the Manager and to Handelsbanken Wealth & Asset Management employees who are fully or partly involved in the activities of the Company (1)	**32**	**£249,722.73**
Awarded fixed remuneration	32	£247,161.61
Awarded variable remuneration	25	£2,561.12
Total remuneration paid to the Manager and to Handelsbanken Wealth & Asset Management employees who have a material impact on the risk profile of the Company	**14**	**£230,340.65**
Senior management beneficiaries	8	£84,461.66
Other ‘identified staff’ beneficiaries	6	£145,878.99

1: As Handelsbanken Wealth & Asset Management is the appointed Investment Manager for a number of AIFs, this figure represents an apportioned amount of the total remuneration of the beneficiaries, based on an estimated time spent by the beneficiaries working on the Company and other relevant factors.