

EDGE CAPITAL EDGE FUND

Financial Statements
For the year ended 31 December 2023

EDGE CAPITAL EDGE FUND

**Financial Statements
For the year ended 31 December 2023**

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EDGE CAPITAL EDGE FUND

Statement of Assets and Liabilities For the year ended 31 December 2023

Expressed in Euro

	2023
Assets	
Investments in securities, at fair value	95
Cash and cash equivalents	874,194
Other receivables and prepayments	15,283
Due from broker	4,184
Total assets	<u>893,756</u>
Liabilities	
Management fee payable	3,200
Performance fees payable	321
Financial statement preparation fee payable	333
Payable to IM	2,583
Total liabilities	<u>6,437</u>
Net assets	<u>887,319</u>
Net asset value per share:	
Class I Shares (6,222.1685 shares in issue)	102.37
Class II Shares (2,488.5478 shares in issue)	100.61

See accompanying notes to financial statements.

EDGE CAPITAL EDGE FUND

Statement of Operations For the year ended 31 December 2023

Expressed in Euro

	2023
Expenses	
Bank and brokerage charges	(34,573)
FATCA fees	(125)
Reporting Expenses	(292)
Administration fees	(2,167)
Performance fees	(6,849)
Financial statement preparation fees	(333)
Management fees	(12,978)
Total expenses	<u>(57,317)</u>
Net investment loss	(57,317)
Realized and unrealized gain/(loss) on investments	
Net realized gain/(loss) from investments	74,996
Net unrealized (gain)/loss from investments	26
Net unrealized gain/(loss) from translation of assets and liabilities denominated in foreign currencies	(777)
Net realized and unrealized gain on investments	<u>74,245</u>
Net increase in net assets resulting from operations	<u>16,928</u>

See accompanying notes to financial statements.

EDGE CAPITAL EDGE FUND

Statement of Change in Net Assets For the year ended 31 December 2023

Expressed in Euro

	2023
Net increase in net assets resulting from operations	
Net investment loss	(57,317)
Net realized and unrealized gain on investments	74,245
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Net increase in net assets resulting from operations	16,928
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Capital transactions	
Shares issued	1,118,854
Shares redeemed	(248,465)
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Net capital transactions	870,389
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Increase in net assets for the period	887,317
Net assets at beginning of the period	—
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Net assets at end of the period	887,317
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See accompanying notes to financial statements.

EDGE CAPITAL EDGE FUND

Statement of Cash Flow For the year ended 31 December 2023

Expressed in Euro

	2023
Cash flows from operating activities	
Net increase in net assets resulting from operations:	16,928
Payment for purchase of investments	(2,136,976)
Proceeds from sale of investments	2,136,857
Adjustments for items not affecting cash:	
Net unrealized (gain)/loss from investments	26
Net changes in non-cash operating balances:	
Increase in other receivables and prepayments	(15,283)
Increase in due from broker	(4,184)
Increase in fees payable	3,854
Increase in Payable to Investment Manager	2,583
Net cash flows from operating activities	3,805
Cash flows from financing activities	
Proceeds from issuance of shares	1,118,854
Proceeds from redemption of shares	(248,465)
Net cash flows from financing activities	870,389
Net increase in cash and cash equivalents	874,194
Cash and cash equivalents at beginning of the period	—
Cash and cash equivalents at end of the period	874,194
Supplementary information	
Cash and cash equivalents	874,194

See accompanying notes to the financial statements.

EDGE CAPITAL EDGE FUND

Notes to the Financial Statements For the year ended 31 December 2023

Expressed in Euro

1. ORGANIZATION

The Fund, structured as a closed-end fund for joint account, was established for an indefinite period on September 1, 2021.

The Edge Fund is a closed-end fund for joint account. It is not a legal entity but rather an entity formed based on an agreement among the Manager, the Custodian, and each of the Participants in the Fund. Pursuant to this agreement, the Manager invests funds on behalf and at the risk of the Participants in assets held in the name of the Custodian for the Participants.

The Fund's Voting Shares are held by Edge Capital Management B.V. (the "Investment Manager"). The Fund's investment activities were managed by Edge Capital Management B.V. pursuant to an investment management agreement.

The Fund has appointed Bolder Fund Services (Netherlands) B.V. (the "Administrator") as the administrator, registrar and transfer agent to the Fund pursuant to an administration agreement. Bolder Fund Services (Netherlands) B.V. was formerly known as Circle Investment Support Services B.V.

2. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these Financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Investment transactions and related income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on investments and foreign currency are recorded as the difference between proceeds and costs determined using the first-in first-out basis. Realized and unrealized gains and losses are included in the statement of operations. Interest income and expense are recognized in the statement of operations as they accrue, using the effective interest rate of the instrument calculated at the acquisition or origination date.

Portfolio of the Fund

The idea for the Fund originated from Paul and Teagan fascination with Delta-neutral and arbitrage investing. Delta-neutral refers to the characteristic of an option portfolio where the movement of the underlying stocks has no impact on the total value of the position.

An option is a derivative product that provides the right to buy or sell a specific product at a predetermined price and time. Its value is primarily based on the price of the underlying asset, the duration of the option contract, and volatility.

A future is a forward contract to deliver an underlying product at an agreed-upon moment in the future at a specified price. The term "future" originates from its literal meaning in English – something to come. In the financial world, futures are derivatives because the underlying product is not physically owned. It is a derivative product whose value is derived from the price of an underlying product, which can be an index, a financial instrument, or a commodity. Futures exist for various assets, including stock indices like AEX and S&P 500, government bonds, and physical commodities like gold.

EDGE CAPITAL EDGE FUND

Notes to the Financial Statements For the year ended 31 December 2023

Expressed in Euro

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Portfolio of the Fund (Continued)

A Contract for Difference (CFD) is a financial product that allows one to profit from the price movement of an underlying asset, whether it's rising or falling. It is a contract between a buyer and a seller. CFDs are not listed on an exchange but are a contractual agreement between the broker and the client.

Net asset value

The calculation of the Net Asset Value is performed daily by the Fund Manager and is communicated monthly to the Participants. Participants may request interim information from the Fund Manager at any time. The Administrator, under the oversight of the Fund Manager, determines the Net Asset Value on the last Business Day of the month, forming the basis for fee calculations and disbursements.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, short-term deposits in banks and brokers.

As at 31 December 2023, the ending cash amounted to EUR 874,194. Cash is held with Bank Frick & Co. AG and Exante.

Due to and due from broker

Amounts due to brokers include payables for securities bought (in a regular way transaction) that have been contracted for but not yet received on the reporting date. It comprises the amounts due to broker accounts.

Fair value of financial instruments

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect management's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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Notes to the Financial Statements For the year ended 31 December 2023

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of financial instruments (Continued)

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

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated in Euro ("EUR") at exchange rates at the reporting date. Purchases and sales of investment securities and foreign currencies and income and expense items denominated in foreign currencies are converted into Euro ("EUR") amounts at the exchange rate on the respective dates of such transactions.

The Fund does not isolate the portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included within the net realized and unrealized gains and losses from investments.

Taxation

The Edge Fund is "fiscally transparent" for both Dutch corporate and income tax, making it exempt from either tax. Participations can only be transferred to the Edge Fund or (with prior notification to the Manager) to direct blood relatives. This designation as fiscally transparent means that the Edge Fund itself is not subject to corporate income tax, but the results achieved are directly attributed to the underlying Participants and are subject to taxation.

The fiscal transparency of the Edge Fund implies that withheld taxes, such as dividend taxes on payments made to the Edge Fund, cannot be offset by the Edge Fund. The Edge Fund cannot rely on tax treaties concluded by the Netherlands. In principle, a Participant, depending on the individual situation and the jurisdiction of the Edge Fund in which they are invested, may be able to claim application of a tax treaty or offsetting of withholding taxes. However, the costs of maintaining records enabling this possibility do not outweigh the expected (limited) individual recovery opportunity. Therefore, recovery is not facilitated, and the annual statement to Participants does not include data on withheld withholding tax (including Dutch dividend tax).

The tax treatment of Edge Fund investments will also depend on the tax legislation of the countries where the investments will be held.

Offsetting financial assets and liabilities

The Fund may offset financial assets and financial liabilities, reporting only the net amount, when the Fund has a legally enforceable right to net the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability.

EDGE CAPITAL EDGE FUND

Notes to the Financial Statements For the year ended 31 December 2023

Expressed in Euro

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued accounting pronouncements

Management has reviewed recently issued accounting pronouncements and none are expected to have a material effect on the financial statements of the Fund

3. FAIR VALUE MEASUREMENTS

At 31 December 2023, the carrying values of cash and cash equivalents, interest receivable, due from broker, other receivables, bank overdraft, performance fees payable, interest payable and other payables and accrued expenses approximate their fair values due to the relatively short terms to maturity of these financial instruments.

The following table provides the grouping of financial instruments measured at fair value within each level of fair value hierarchy at December 31, 2023:

Financial Assets	2023			
	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets at fair value through profit and loss:				
Equity	95	-	-	95
Total financial assets	95	-	-	95

There were no transfers between levels during the financial year.

4. RELATED PARTIES AND SIGNIFICANT CONTRACTS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or is part of key management of the Fund. The following parties are considered related parties.

Investment Manager:

Management fees

The management fees are ranging from 1.5% to 1% annually. The management fee is calculated and payable monthly in arrears. The management fee per participation class is as follows:

- Participation Class I: 1.5%
- Participation Class II: 1.25%
- Participation Class III: 1%

For the period ended 31 December 2023 management fees amounted to EUR 12,978 of which EUR 3,200 was payable at 31 December 2023.

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Notes to the Financial Statements For the year ended 31 December 2023

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4. RELATED PARTIES AND SIGNIFICANT CONTRACTS (Continued)

Performance fees

The Fund will pay to the Investment Manager a performance fee (the “Performance Fee”), generally calculated and payable on a monthly basis according to the high watermark principle. The high watermark refers to the highest value achieved by an investment fund or asset manager. The performance fee per participation class is as follows:

- Participation Class I: 22.5%
- Participation Class II: 17.5%
- Participation Class III: 12.5%

For the period ended 31 December 2023 performance fees amounted to EUR 6,849 of which EUR 321 was payable at 31 December 2023.

Significant contracts:

Administration fees

These costs are estimated at a maximum of 0,5% per year of the Fund’s assets and are booked monthly, calculated based on the Net Asset Value of the last day of the month. For the period ended 31 December 2023, the Administrator earned fees of EUR 2,167.

5. SHARE CAPITAL

Movements in the number of Redeemable Participating Shares during the period ended 31 December 2023 were as follows:

	Shares outstanding, beginning of the year	Share issued	Shares redeemed	Shares transferred	Shares outstanding, end of year
Class I	-	8,671.1259	(2,448.9574)	-	6,222.1685
Class II	-	2488.5478	-	-	2,488.5478
Total	-	11,159.6737	(2,448.9574)	-	8,710.7163

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Notes to the Financial Statements For the year ended 31 December 2023

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5. SHARE CAPITAL (Continued)

Founder Shares

The Fund does not, individually or collectively, constitute a partnership or an agreement between one or more Participants. The Fund Conditions apply to the legal relationship between the Manager, the Custodian, and a Participant. Acceptance of the Fund Conditions, completion of the subscription form, and actions taken to implement them do not create rights and obligations among Participants. The Manager is entitled to reject a subscription application without giving reasons.

Redeemable Participating Shares

If the Manager determines that further increasing the size of the Fund will lead to reduced returns or a violation of applicable laws or regulations, the Manager may decide to refuse requests for the issuance of Participations to new Participants for a period determined by the Manager (a so-called “soft close”). Issuance of Participations to existing Participants remains possible.

However, if the Fund continues to grow too rapidly, it may be decided to also reject issuance requests from existing Participants (a so-called “hard close”). In such cases, the redemption of Participations is not suspended.

A ‘soft close’ or ‘hard close’ generally does not mean that the Manager suspends the redemption of Participations.

6. FINANCIAL HIGHLIGHTS

Financial highlights for the period ended 31 December 2023 are as follows:

Reconciliation of net asset value per share	Class I	Class II
Net asset value, beginning of year	-	-
(Gain)/loss from operations:		
Net investment (gain)	(16.49)	(4.84)
Net realized and unrealized loss on investments	21.44	6.06
Net asset value, end of year	4.95	1.22
Total return:		
Total return before performance fees	-	-
Performance fees	-1.04%	-0.13%
Total return after performance fees	-1.04%	-0.13%
Ratios to average net assets:		
Expenses other than performance fees	-7.16%	-2.28%
Performance fees	-1.04%	-0.13%

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Expressed in Euro

7. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

With respect to the Fund's investment in securities, the Investment Manager is responsible for making their own trading arrangements, which include trading through affiliated and unaffiliated brokers/dealers, futures brokers and currency and commodity dealers. However, due to the nature of the Fund's investments in securities held long, market and credit risks associated with these investments are limited to the value of the Fund's investment in each position. The Fund's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. All investments in securities present a risk of loss of capital. The maximum loss resulting from an investment in securities held long is the fair value of the security as presented in the statement of assets and liabilities.

Market risk is the risk of losses on financial investments caused by adverse price movements. It is the possibility that the Fund will experience losses due to factors that affect the overall performance of investments in the portfolio. In case of the Fund, market risk is represented by unfavorable movement of prices of positions held in the portfolio, i.e. decrease of current market price of respective position under the level of said position's cost price.

Credit risk is the risk that a counterparty will be unable or unwilling to meet commitments it has entered into with the Fund. All investment transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. Bankruptcy or insolvency of the Fund's broker may cause the Fund's rights with respect to the cash and securities held by the broker to be delayed or limited. The impact to the Fund of a broker becoming insolvent could be significant and could materially impair the ability of the Fund to achieve its investment objective. The Investment Manager monitors the broker for ongoing creditworthiness.

Other risks that are not included in the risk indicator are counterparty risk such as liquidity at exchanges or loss or theft of digital assets and risks related to counterparties. Under some market conditions instruments in which the product invests may be less liquid.

8. SECURITIES SOLD SHORT


The Fund is subject to certain inherent risks arising from selling securities short. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in these financial statements.

9. SUBSEQUENT EVENTS

Management of the Fund have evaluated the impact of subsequent events through the date the financial statements were issued. There were no material subsequent events that would necessitate disclosure or adjustment in the financial statements.

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved on 15 may of 2024 and signed by:


Paul Lamain


Teagan de Groot